DISCLAIMERS

AS IS
Case studies, comparisons, statistics, research, and recommendations are provided “AS IS” and intended for informational purposes only and should not be relied upon for operational, marketing, legal, technical, tax, financial, or other advice. Visa Inc. neither makes any warranty or representation as to the completeness or accuracy of the information within this document, nor assumes any liability or responsibility that may result from reliance on such information. The information contained herein is not intended as investment or legal advice, and readers are encouraged to seek the advice of a competent professional where such advice is required.

FORWARD-LOOKING STATEMENTS
This presentation contains forward-looking statements within the meaning of U.S. Private Securities Litigation Reform Act of 1995 that relate to, among other things, our future operations, prospects, developments, strategies, business growth. Forward-looking statements generally are identified by words such as "believes" "estimates" "expects" "intends" "may" "projects" "would" "should" "will" "continues" and other similar expressions. All statements other than statements of historical fact could be forward-looking statements, which speak only as of the date they are made, are not guarantees of future performance and are subject to certain risks, uncertainties and other factors, many of which are beyond our control and are difficult to predict. We describe risks and uncertainties that could cause actual results to differ materially from those expressed in, or implied by, any of these forward-looking statements in our filings with the SEC. Except as required by law, we do not intend to update or revise any forward-looking statements as a result of new information, future events or otherwise.

THIRD-PARTY LOGOS
All brand names, logos and/or trademarks are the property of their respective owners, are used for identification purposes only, and do not necessarily imply product endorsement or affiliation with Visa.
## Contents

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreword</td>
<td>4</td>
</tr>
<tr>
<td>Objectives</td>
<td>5</td>
</tr>
<tr>
<td>Methodology</td>
<td>5</td>
</tr>
<tr>
<td><strong>GLOBAL eCommerce</strong></td>
<td>7</td>
</tr>
<tr>
<td>Shopping: anytime, anywhere</td>
<td></td>
</tr>
<tr>
<td><strong>UAE IN MENA</strong></td>
<td>11</td>
</tr>
<tr>
<td>A powerhouse in the fastest-growing region for eCommerce</td>
<td></td>
</tr>
<tr>
<td><strong>UAE VS. BENCHMARK MARKETS: TRENDS AND INSIGHTS</strong></td>
<td>15</td>
</tr>
<tr>
<td>Who is buying and what’s in the cart in the UAE, compared to mature and emerging markets?</td>
<td></td>
</tr>
<tr>
<td>• New eCommerce categories attract spend</td>
<td></td>
</tr>
<tr>
<td><strong>DRIVERS OF eCommerce</strong></td>
<td>23</td>
</tr>
<tr>
<td>Strengths, opportunities and challenges in the UAE</td>
<td></td>
</tr>
<tr>
<td>• Evolving consumer base</td>
<td></td>
</tr>
<tr>
<td>• Innovating merchants and payments</td>
<td></td>
</tr>
<tr>
<td>• Growing VC funding and M&amp;A</td>
<td></td>
</tr>
<tr>
<td>• Improving logistics</td>
<td></td>
</tr>
<tr>
<td>• Enabling government initiatives</td>
<td></td>
</tr>
<tr>
<td><strong>CONCLUSION:</strong></td>
<td>37</td>
</tr>
<tr>
<td>An action plan for the future</td>
<td></td>
</tr>
<tr>
<td>• A multi-stakeholder approach</td>
<td></td>
</tr>
<tr>
<td>• Recommendations</td>
<td></td>
</tr>
</tbody>
</table>
FOREWORD

Exponential growth led by digital transformation

The UAE eCommerce market is on an upward trajectory. Its unique growth path, compared to both emerging and mature economies, is led by government adoption of eCommerce payments on platforms such as Dubai Smart City. Government payments lead the eCommerce landscape by far, despite exponential growth in other categories such as quick service restaurants and transportation.

Logistics infrastructure readiness is necessary to support the growth of eCommerce and in this regard the UAE is at par with some of the most developed markets in the world. The country enjoys an advantage as a major global transshipment hub with the port of Jebel Ali and Dubai’s airports providing a high standard of logistics infrastructure. This leadership has been cemented with eCommerce-specific logistics, exemplified in a June 2018 MoU between Emirates Skycargo and the Cainiao Network, the logistics arm of the Chinese Alibaba group, aimed at making Dubai one of the eCommerce major’s six global logistics hubs.1

A unique feature of the UAE’s eCommerce development is a thriving mall culture. Traditional brick and mortar retailers and malls have been enthusiastic adopters of eCommerce payments, instead of taking an adversarial position as is seen in some other markets. The omni-channel approach is a better route to consumer hearts. This has been proven by the ‘experience centers’ created by pure-play eCommerce brands such as Amazon globally². Regionally, Souq.com, which was rebranded as Amazon.ae in April 2019, has taken the same approach³.

The UAE’s status as an attractive regional destination for start-ups means that consumers have easy access to familiar home-grown brands. Start-ups in the UAE remain the most active in attracting funding, with steady investor appetite in UAE-headquartered companies by both local and global majors⁴.

Whether it is seamless electronic management of public transit via the Nol Smart Card or food and fuel delivery by smartphone apps, the UAE’s proactive support on eCommerce incubation has paved the way for consumer trust in online payments.

In this favorable ecosystem, the UAE, and to a certain extent, the wider GCC region, has tech-eager customers who are now a click away from an eCommerce transaction – anytime, anywhere. Keen to use newer payment methods that are being introduced by various providers, it is clear that once the consumers try a safe, convenient method, they continue to use it.

In this fast-growing market, when eCommerce is becoming the norm, there is still significant opportunity to grow and shape consumers’ path to purchase in a way that creates value for the ecosystem.

This report captures some of the trends and insights based on Visa’s significant market share, via a deep dive into transaction data. By understanding how and where consumers are spending, the ecosystem can be supported to continue to develop in a safe, secure and vibrant manner.
Objectives

Based on the latest transaction data from Visa, which compares the UAE to emerging and mature benchmark markets, this report has been undertaken with the objective of supporting the wider eCommerce ecosystem comprising the government, investors, entrepreneurs, retailers and other stakeholders in developing a multi-faceted action plan.

The final aim is to understand the key drivers and challenges of eCommerce with the purpose of creating an action plan to support the objective of Dubai’s Department of Economic Development to expand the eCommerce sector in Dubai and the UAE.

Methodology

Proprietary data from Visa provides a deep understanding of key commerce and eCommerce drivers and trends with transaction sizes, category growth and penetration.

The benchmarks help define the UAE market in the context of other markets. For the purpose of this report, the benchmark markets are:

<table>
<thead>
<tr>
<th>Mature</th>
<th>Emerging</th>
</tr>
</thead>
<tbody>
<tr>
<td>USA</td>
<td>Brazil</td>
</tr>
<tr>
<td>Canada</td>
<td>South Africa</td>
</tr>
<tr>
<td>UK</td>
<td>Malaysia</td>
</tr>
<tr>
<td>Sweden</td>
<td></td>
</tr>
<tr>
<td>Australia</td>
<td></td>
</tr>
<tr>
<td>Singapore</td>
<td></td>
</tr>
</tbody>
</table>

Measured against these two market clusters, the UAE’s unique strengths and opportunities become clearer. The transaction data, backed by other statistics and information from reputed sources, is assessed in the context of eCommerce market dynamics on both the demand and the supply sides.

Secondary research for this report includes the summary, collation and synthesis of the latest existing research from reputed sources, including international organizations such as the World Bank and the United Nations, and surveys on eCommerce undertaken by various stakeholders in the UAE and around the world. It also includes policy and annual results issued by the UAE and Dubai authorities on the eCommerce sector.

References:
3. Scott, Andrew. The National. March 13, 2017. Souq’s push into physical stores shows e-commerce still has work to do in the UAE.
GLOBAL eCommerce

Shopping: anytime, anywhere

Even as eCommerce grows and captures a larger share of the total retail market, there is increasing convergence between online and offline channels. Continuous innovation is the key to providing better consumer experiences in the journey from product discovery to consumption.
Shopping via mobile devices, personal computers, tablets and connected devices is now a part of the everyday lives of consumers globally. Estimates show that global retail eCommerce sales will be $3.563 trillion in 2019, commanding 13.7% of total retail sales, an increase of 21.5% over 2018\textsuperscript{1}, excluding travel\textsuperscript{2}.

In 2016, the eCommerce industry gained market share to command 10% of all global retail sales. Since then, it has continued to expand exponentially. It is estimated to grow 21.5% in 2019, to hit $4.135 trillion by 2020\textsuperscript{2}.

Even as it continues to carve out a larger share of B2C retail, eCommerce is rapidly evolving to offer consumers quicker, safer, more intuitive and personalized experiences. The rise of voice-activated shopping, contextual and social commerce, virtual instant reordering, and product subscriptions combined with conveniences such as same-day delivery and competitive pricing is drawing more consumers to choose eCommerce over traditional face-to-face (F2F) channels.

Technological innovation has changed the way consumers discover, interact, purchase and consume on a daily basis. Virtual assistants powered by artificial intelligence (AI) drive the customer down the funnel with a higher degree of certainty.

Augmented reality, shaped by 3D modeling, is enabling consumers to “test” and “try” products, mimicking in-store experience that customers prefer\textsuperscript{3}. Innovatively rising to the challenge of meeting the evolving needs of consumers, technology continues to create opportunities to monetize new “shoppable” experiences.
Social media enables contextual commerce in newer ways, discovering moments of buying intent directly within platforms and messaging apps. Social media platforms such as Instagram now allow in-app checkout, allowing users to make purchases without leaving the app. Instagram has introduced in-app commerce, which makes it possible for shoppers to buy an item from an ad without leaving the site to visit the brand’s online store.

Smart personalization engines are being used to create individualized offers, product recommendations, and other content based on a customer’s previous actions, demographic profile and other personal data. These are forecast to lead to a 15% increase in profits for digital businesses by 2020.

Payments are no longer limited to facilitating financial transactions, but play a significant role in the value chain to deliver benefits across the eCommerce ecosystem. From securing the transaction, to enabling new form factors, to driving value through loyalty and trust, digital payments facilitate secure, frictionless, and easy eCommerce experiences.

**Expansion of payment options**

When it comes to payment options, today’s customers have a variety to choose from beyond traditional card based payments, with services such as PayPal, Square, Samsung Pay, Apple Pay and Visa Checkout, among others. These pay buttons remove the hassle of entering payment details for each transaction. It’s common for eCommerce platforms and merchants to offer multiple secure payment methods to provide the consumer a wider choice. At the same time, open banking initiatives are driving new data sharing possibilities that remove the need for users to enter their payment data every time they make a purchase, which can harm conversion rates particularly on mobile devices.

A web standard in development by the World Wide Web Consortium (W3C) is working to dramatically simplify online payment processes, overcoming industry fragmentation, diverse payment methods and systems and security issues. Organizations including banks, merchants, credit card providers, browser vendors, device manufacturers, payment system providers, and mobile phone operators are a part of the W3C to make payments easier and more secure on the web. Successful implementation of web payments will allow websites to act as payment handlers, while increasing the security and ease of web payments by leveraging the structure of the internet browser.

**Multiple paths to purchase**

With the continued globalization of eCommerce, localization has come into increased focus. Multi-currency, multi-language, multi-channel eCommerce with localized fulfillment partners is ensuring a contextual experience that can rival traditional F2F retail. In the US, for example, Amazon Go stores allow consumers to buy physical products in a store but checkout digitally. A combination of computer vision, machine learning and sensor fusion automatically detect products being taken from and returned to shelves, adding them to a virtual cart, to be billed on the customer’s Amazon account.
In the UAE, online retailer Amazon.ae, which used to be Souq.com, set up “experience centers” to offer the look and feel that draws consumers to malls and physical stores⁹.

On the other hand, physical retailers and malls are building omni-channel and digital experiences in their business models, allowing consumers to pay for their shopping using mobile devices, e-wallets, and other flexible digital payment options. One example is the Starbucks app, which has come to represent consumer loyalty by offering a seamless online-to-offline experience, reaching 23.4 million users who have made in-store mobile payment in 2018 in the US. The app lets users pay with their phones and earn credits toward future purchases¹⁰. The “order ahead” feature lets consumers select and buy coffee on their mobile devices and pick it up in-store. In the UAE, the Al Futtaim group has launched a Click and Collect service on several brands including Ace Hardware, allowing consumers to make a purchase online and collect it in-store¹¹.

A combination of the latest technology with behavior insights is the future of eCommerce, ensuring better user experience (UX) by offering greater convenience, customized experiences, flexible payment options, and instant fulfillment to consumers.

---

1. Koch, Lucy. eMarketer. April 2, 2019. What’s Driving the Top Five Retail Ecommerce Markets Worldwide?
2. eMarketer. January 10, 2018. Retail ecommerce sales worldwide chart
4. Gartner, Inc. August 26, 2016. Smart Personalization Engines
6. W3C. Background for W3C Web Payments Standards Work
8. Amazon. Amazon Go. No Lines. No Checkout
9. Scott, Andrew. The National. March 13, 2017. Souq’s push into physical stores shows e-commerce still has work to do in the UAE
UAE IN MENA

A powerhouse in the fastest growing region for eCommerce

The region has taken its own route to digital adoption and remains the fastest-growing for eCommerce globally. Within this context, Dubai and the UAE remain a hub for eCommerce growth, whether in attracting start-ups or in creating multiple channels to ensure safe and secure payments.
In the GCC, mass internet adoption has resulted from a combination of digital infrastructure and eager consumer adoption of technology-driven solutions, such as social media and smartphones. The wider Middle East and North Africa (MENA) region has taken its own route to digital adoption, leap-frogging traditional channels of evolution.

Today, Middle East nations are ahead of more mature eCommerce markets such as the United States and China in terms of internet penetration, which stood at 64.5% in 2018, above the global average of 54.5%. Delayed adoption, followed by high digital and social penetration, has meant that GCC consumers have jumped straight to mobile commerce, or mCommerce, and operate across digital platforms with ease.

The total market size, including all categories, has been estimated to be worth $48.6 billion in 2022, up from $26.9 billion in 2018.

Even excluding the crucial B2B and C2C eCommerce, food delivery, travel, entertainment, services, and automobiles categories, MENA eCommerce is forecast to reach $28.5 billion by 2019. With an annual growth rate of 25%, MENA is the fastest growing region in the world for eCommerce.

The UAE’s eCommerce sales are projected to hit $16 billion in 2019, followed by KSA, where eCommerce sales are projected to reach $7.7 billion.

Currently, the UAE is considered the most advanced eCommerce market in MENA, with a penetration rate of 4.2%; the Kingdom of Saudi Arabia (KSA) follows at 3.8%. eCommerce

MENA outperforms other regions
Global eCommerce sales growth (% yoy 2019 forecast)

![MENA outperforms other regions](image-url)
sales in the UAE are estimated to grow by an average of 23% annually between 2018 and 2022.

The UAE enjoys many advantages that make it ideal for eCommerce growth. Its consumer demographic consists of a young internet-savvy population, with high social media usage. These people are more likely than some of their cohort globally to spend time online. eCommerce companies, whether they are online marketplaces, domestic retailers, or cross-border merchants, are tapping into the high latent demand, disposable incomes, and digital penetration that is favorable for the sector.

Retail sales remain a key driver of economic activity, constituting the most important activity in the services sector, commanding 26.6% share of GDP in 2017.

The UAE retail industry – classified into store and non-store sales, which include eCommerce – is estimated at $55 billion in 2018 and is forecast to rise to $63.8 billion by 2023. The eCommerce segment is classified under non-store retailing, which encompasses online shopping, direct selling, mobile internet, social media and home shopping. The non-store category is forecast to grow by 78% from 2018 to 2023.

Developed infrastructure, financial account penetration levels, and supportive government policies are the foundation for innovation and start-up growth. This, in turn, leads to rapidly increasing depth in the product offering. As a result, the UAE has continued to consolidate its status as the main driver of eCommerce growth in in the GCC and across MENA.

The penetration of eCommerce in the UAE is more advanced than MENA at 1.9% and GCC at 3%. Still, there is tremendous potential for growth. Currently, the UAE has eCommerce penetration of total sales averaging at 4.2% in 2017, similar to countries such as Brazil and Turkey.
2. BMI Research, via The National. June 30, 2018 E-commerce in the region set to be worth $48bn by 2022
4. Dubai Economy. Dubai Economic Report 2018
5. The Retail Summit press statement. December 10, 2018. UAE’s US$55 billion retail industry forecast to grow 16% by 2023
UAE VS. BENCHMARK MARKETS: TRENDS AND INSIGHTS

Who is buying and what’s in the cart in the UAE, compared to mature and emerging markets?

Compared to the benchmark markets, the UAE has a different path for the growth of eCommerce. It enjoys a lead in categories such as government payments. Its demographic advantages position it favorably against both emerging and mature markets to show healthy growth across categories.
The UAE’s eCommerce landscape is defined by its demographic profile and high income levels, with a high percentage of digital native young adults between the ages of 20 and 39. Millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2012) are considered an influential consumer base for eCommerce adoption. Whether it is buying online or using digital mediums for discovery, research and to eventually purchase at the store, the internet plays a key role. With all infrastructure, tools and options within ready reach, the UAE consumer, at most times, is only a click away from an online purchase.

Visa data show that, drawn by the convenience of shopping online and a varied product offering, the UAE consumer is an enthusiastic adopter of eCommerce, comparing favorably against benchmarks of both emerging and mature economies.

Government initiatives for cashless transactions have created familiarity with the process of ePayments and facilitating availability of channels. Government payments remain the largest category in eCommerce.

Card-not-present (CNP) transactions provide a reliable indicator of eCommerce spend. Visa’s CNP transaction data show that UAE eCommerce transactions are growing at a faster pace than both emerging and mature markets. In the period between February 2018 and March 2019, eCommerce transactions comprised 28% of the total, growing from 20% during the same period in 2016-17.

The same data show that eCommerce has grown by 31% over the last 12 months, compared to F2F commerce, which has shown a 7% increase. The penetration of eCommerce across categories has
grown rapidly over the last three years. The acceleration puts the preference for the eCommerce channel in the UAE nearly at par with mature benchmark markets.

Almost 63% of internet users in the UAE shop online. Their online shopping journeys use search engines, with interest peaking during seasonal shopping events such as Ramadan or White Friday sales. Driven by convenience and value, online spending – including domestic and cross-border eCommerce – is on a growth trajectory, from an estimated $12.3 billion at the end of 2018.

Average spend per transaction

The UAE shopper is among the top spenders online. In the wider Middle East, North Africa and South Asia (MENASA) region, the UAE represents the biggest annual spend per online shopper at $1,648, with growth projected through 2020 at 29.6%.

This is supported by Visa transaction data, which shows that the UAE continues to maintain a healthy lead in average transaction size compared to both emerging and mature eCommerce markets. The transaction size in the UAE averages $144 in 2018-19, compared to $79 in mature markets and $26 in emerging markets.

On the other hand, increasing number of transactions, and reducing ticket sizes, as evident in Visa transaction data, indicate growing comfort with cashless and eCommerce transactions. Consumers are moving from single large-ticket purchases to everyday spend (such as coffee, groceries, entertainment, and food delivery).
eCommerce online payments share of transactions

SOURCE: Visa transaction data
Benchmark emerging markets: Brazil, South Africa, Malaysia
Benchmark mature markets: USA, Canada, UK, Sweden, Australia, Singapore
Tempted by an array of goods, most consumers have experienced the convenience of shopping with a click. A consumer survey revealed that 81% of adults in UAE shopped online in 2017, up from 68% in 2016. According to the report, the increase in online spending is also forecast to continue, with almost half of online adults surveyed (49%) stating they will increase their online spending in the next 12 months, citing convenience of shopping online (selected by 65% of those who predict an increase in their online spend), and the rise in available platforms to shop from (40%) as the key reasons for the expected increase.

Financial institutions have tapped into this consumer base by making available mobile payment services including Samsung Pay, Apple Pay and Google Pay, in addition to contactless cards and other innovative options. Financial technology is a key part of the payment ecosystem and continues to be supported.

However, there is room to further penetrate on lower spends, where the number of transactions in the UAE, according to Visa data, still lags behind the cohort markets. This indicates that continued momentum to drive everyday spend (low-value, high-repeat transactions) such as grocery, food delivery, transportation and subscription services, will prove to be rewarding for growth of eCommerce.

The UAE consumer is unique in combining a high percentage of online activities with a penchant for malls as social hubs. Malls remain a key part of the social fabric, attracting both residents and tourists. Historically a part of the social landscape, malls continue to deliver a formidable value proposition to the consumer, including creating an omni-channel retail proposition, which embraces eCommerce.
Category-wise penetration of eCommerce compared to overall volumes
UAE vs. benchmark markets
March 2018 - February 2019

SOURCE: Visa transaction data
Benchmark emerging markets: Brazil, South Africa, Malaysia
Benchmark mature markets: USA, Canada, UK, Sweden, Australia, Singapore
New eCommerce categories attract spend

Visa transaction data show that category-wise spend for eCommerce year-on-year is continuing to evolve, with new sectors trying to establish their footprint. eCommerce business models enjoy faster scaling capabilities compared to traditional brick and mortar retail, and a growing number of retail, grocery, F&B and travel businesses are including online channels.

Considering the split by sector over the last three years, it is clear that driven by policy initiatives to promote a cashless economy and digitization of transactions, the categories of education and government payments continue to dominate, with 38% of overall spending share between March 2018 and February 2019, growing from 25% during the same period in 2016-2017.

Market dynamics visible on ground are reflected in the transaction data, in terms of growth of categories. On UAE streets, an increasing number of riders from delivery aggregators such as Talabat, Deliveroo, Uber Eats and Spoonfed are zipping around to deliver meals to consumers. Consumer reliance on these food delivery apps to compare options and order from their restaurants of choice is visible in the growth of transactions in that category. Quick Service Restaurants (QSR) have increased their share from 1% to 2% year-on-year.

The transport category, buoyed by the emergence of ride-hailing services such as Uber and Careem, has also doubled its share from 1% to 2% of total eCommerce spend. It also benefits from the seamlessly electronic management of public transit via the Nol Smart Card, which provides access to public transportation. The card can be applied for, paid for and topped up on the Nol e-services portal.

To sum up, the UAE enjoys a clear leadership in key areas of eCommerce such as government and education payments, retail services (including couriers, health and beauty services) and QSR. It is at par with or close to mature market benchmarks in payments related to telecommunications.

However, there is still opportunity to further penetrate several sectors including entertainment spends, retail goods, food and grocery, and healthcare spends. Transport, which is showing exponential growth in the UAE, has still some way to catch up with other markets.
### Distribution of eCommerce volume by sector: UAE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Government services/Education</td>
<td>25%</td>
<td>32%</td>
<td>38%</td>
</tr>
<tr>
<td>Airlines</td>
<td>19%</td>
<td>14%</td>
<td>11%</td>
</tr>
<tr>
<td>Professional services</td>
<td>11%</td>
<td>11%</td>
<td>9%</td>
</tr>
<tr>
<td>Telco</td>
<td>9%</td>
<td>10%</td>
<td>8%</td>
</tr>
<tr>
<td>Travel services</td>
<td>6%</td>
<td>6%</td>
<td>5%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>5%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>General retail services</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>General retail goods</td>
<td>1%</td>
<td>2%</td>
<td>3%</td>
</tr>
<tr>
<td>Apparel and accessories</td>
<td>3%</td>
<td>3%</td>
<td>3%</td>
</tr>
<tr>
<td>Quick service restaurants</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
<tr>
<td>Business services</td>
<td>4%</td>
<td>4%</td>
<td>2%</td>
</tr>
<tr>
<td>Transport</td>
<td>1%</td>
<td>1%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Source: Visa transaction data
DRIVERS OF eCommerce

Strengths, opportunities and challenges in the UAE

Consumer adoption of eCommerce, newer initiatives introduced by proactive merchants, venture capital funding for home-grown start-ups, improved logistics, and government initiatives are key drivers of eCommerce growth in the UAE. Latent demand by a young, technology-savvy consumer base, a digital-ready marketplace, and proactive adoption of newer payment channels by merchants keep the sector on a healthy growth trajectory.
The UAE consumer is a proactive, early, eager adopter of technology, partly due to demographic factors. As with other GCC economies, the UAE also has a high percentage of young population, attributed to demographic transitions, along with diverging fertility and population growth rates. The youth bulge – the percentage of the population that is under the age of 25 – is 34% in the UAE, with the median age of population being 33.4 in 2015, estimated to be 34 in 2020.

The UAE’s young population comprises digital-native millennials (born between 1981 and 1996) and Gen Z (born between 1997 and 2012). Millennial consumers came of age during the internet explosion and are at ease with technology. Gen Z has grown up surrounded by always-on technology, taking for granted social media, constant connectivity and on-demand, near-instant solutions. These digital-native consumers seek convenient shopping experiences and drive eCommerce globally.

The UAE consumer also enjoys infrastructure advantages. Mobile penetration is high and 94.82% of population used the internet in 2015, with 19,826,224 mobile cellular subscriptions in 2017, amounting to 210.9 subscriptions per 100 inhabitants. UAE residents are among the top 10 globally when it comes to spending time on the internet and social media on any device, averaging seven hours and 54 minutes daily.

---

**Evolving consumer base**

**UAE eCommerce snapshot**

**Shoppers**
- Young
- Digital native
- Tech-eager
- Smartphone owner
- High shopping appetite

**Payments**
- Credit over debit card products
- High trust in online payments
- Try and adopt new payment methods

**Merchants**
- Home-grown eCommerce brands and apps
- New categories emerging
- Omni-channel shopping
- eCommerce adoption by traditional retail
- Cross-border retail
Owning one or two smartphones connected with high-speed internet is the norm. Put this together with mobile-first eCommerce solutions being made available by proactive merchants and it translates into mCommerce or shopping via mobile devices being on the rise. Mobile spend is forecast to grow by 26% between 2018 and 2019 to reach close to $5.5 billion, with momentum expected to continue into 2020 with a further 25% growth

Led by UAE consumer appetite for eCommerce, which is second only to China, eCommerce sales are projected to accelerate by 30% in 2019. UAE shoppers are making eCommerce purchases online whether the seller is domestic or international. In a survey, 84% of cross-border shoppers reported making at least one purchase from outside the country using a mobile device. When asked about the devices used in the past 12 months, 81% of respondents said they had used smartphones to make cross-border purchases online, up from 76% in 2016, while 29% have used other devices such as Smart TV/consoles, up from 18% in 2016

### eCommerce payment behavior

Customers in the UAE still prefer to pay for eCommerce transactions using credit rather than debit cards. However, over the last three years, customers have demonstrated increased comfort in using debit cards to pay for eCommerce purchases, Visa transaction data show.

Consumer spend by debit card displays a higher degree of trust in the transaction process and also allows consumers to exercise greater control over budgets. Benchmark market data show that the more mature eCommerce markets have higher use of debit cards compared to emerging markets. The UAE consumers’ growing preference for debit card use, which has doubled between 2017 and 2019, indicates a maturing market. The eCommerce category is popular across income segments, with the mass segment (comprising younger shoppers moving up the career ladder) taking up 28% of spend
on Visa-issued cards, and spend by premium customers, driven by relatively older adults in the high-income category, making up 72%, Visa data show.

A 2019 survey of consumer perception of eCommerce in the UAE conducted by Dubai’s Department of Economic Development (DED) and Visa reveals that 66% of respondents said they trust online shopping and that 70% trust online payments. Card payments continue to grow in the UAE, recorded at 70% in 2018, compared to 68% in 2017. During the same period, cash on delivery dropped to 15% in 2018 from 22% in 2017.

The same survey of online shoppers and eCommerce users in the UAE reveals that cards were the predominant mode of payment (73%) driven by factors such as security (73%), budget management (58%), and spend rewards (52%). A staggering 87% of the respondents said that they have started making more card payments online in the past two years. Once shoppers have found new ways of payment that offer them greater convenience and security – whether it is contactless cards or digital wallets – they continue to use them.

Among the top 100 eCommerce sites in the whole of the MENASA region, the UAE is home to more than 10 focusing on B2C products, an indicator of both demand and supply. UAE eCommerce companies include multi-product marketplace sites such as Souq.com (which was acquired by and rebranded as Amazon), awok.com, and noon.com; fashion sites such as namshi.com; single retailer sites such as jumbo.ae; and grocery retailers such as carrefournow.com. Multi-product and multi-brand marketplaces attract 63% of the overall unique user base in MENASA.

eCommerce merchants in the UAE are not just pure play online marketplaces but also traditional retailers who have always stayed ahead of the curve, and are now starting to offer omni-channel experiences. Led by developers and malls, which are increasingly cognizant of the impact of eCommerce on their bottom lines, and a proactive consumer who is more inclined to “scroll than stroll”, traditional retail majors are investing in eCommerce partnerships in the logistics space.

Local merchants are becoming increasingly digital and diverse in including multiple payment channels. Retailers and other merchants – those in the hospitality or insurance sectors, for example – are finding ways to customize the end-user purchase experience to ensure that the customer can pay using any channel.

Innovating merchants and payments

Merchants customize the end-user purchase experience to ensure that the customer can pay using any channel.
### Consumer shift to everyday eCommerce spends in UAE

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Government services /Education</td>
<td>39%</td>
<td>53%</td>
<td>60%</td>
</tr>
<tr>
<td>Airlines</td>
<td>68%</td>
<td>69%</td>
<td>71%</td>
</tr>
<tr>
<td>Professional services</td>
<td>8%</td>
<td>13%</td>
<td>16%</td>
</tr>
<tr>
<td>Telco</td>
<td>33%</td>
<td>46%</td>
<td>50%</td>
</tr>
<tr>
<td>Travel services</td>
<td>56%</td>
<td>67%</td>
<td>75%</td>
</tr>
<tr>
<td>Entertainment</td>
<td>25%</td>
<td>31%</td>
<td>36%</td>
</tr>
<tr>
<td>General retail services</td>
<td>06%</td>
<td>12%</td>
<td>24%</td>
</tr>
<tr>
<td>General retail goods</td>
<td>04%</td>
<td>05%</td>
<td>09%</td>
</tr>
<tr>
<td>Apparel and accessories</td>
<td>03%</td>
<td>05%</td>
<td>07%</td>
</tr>
<tr>
<td>Quick service restaurants</td>
<td>04%</td>
<td>03%</td>
<td>09%</td>
</tr>
<tr>
<td>Business services</td>
<td>61%</td>
<td>62%</td>
<td>48%</td>
</tr>
<tr>
<td>Transport</td>
<td>23%</td>
<td>34%</td>
<td>41%</td>
</tr>
</tbody>
</table>

Source: Visa transaction data
Payments are moving from offline to online in several areas, with 60% of government transactions at Visa being eCommerce between March 2018 and February 2019, compared to 39% during the same period in 2016-17, Visa data show. Airlines, already dominated by eCommerce, have increased share from 68% to 71% during the same period. Entertainment, which saw 25% of eCommerce transactions in 2016-2017, grew to 36% in the same period between 2018 and 2019. Segments such as QSR have grown from 4% to 9%. eCommerce spend on electronics has grown from 10% to 17%.

An interesting development is the emergence of fuel delivery apps, such as CAFU by major petroleum companies like Emirates National Oil Company (Enoc Group), the state-owned oil refinery in Dubai, which allows motorists to refill at a location of choice. The app allows users to link their Vehicle Identification Pass (VIP) RFID account to enable top-up, pay for fuel, as well as pay in-store at the petrol station.

Telecommunications companies, travel companies and other major merchants are increasingly offering eCommerce as a payment channel, driven by continuous investments in digitalization. Not only is the UAE consumer the target of local retailers but cross-border retail continues to be an important driver, with merchants offering consumers competitive prices and access to a greater selection of products.

Clothing, footwear and apparel merchants are the most favored by the UAE shopper when it comes to cross-border purchases in the UAE. In 2017, 64% of cross-border shoppers bought from this category, an increase of 60% from 2016. While almost half of cross-border shoppers (49%) purchased cosmetics and beauty products, making this the fastest growing category, more than doubling from 2016 with an increase of 158%. Shoppers are also buying toys, hobby products, and health products.

According to Visa data, apparel and accessories have grown their eCommerce share from 3% to 7% of payments being done online.
The UAE eCommerce Landscape: June 2019

Category-wise eCommerce growth in UAE
(Year-on-Year Mar 2018 to Feb 2019)

- Entertainment: 99%
- Government services/Education: 205%
- Business services: 57%
- Airlines: 78%
- Travel services: 111%
- General retail goods: 122%
- Transport: 230%
- Professional services: 110%
- General retail services: 360%
- Quick service restaurants: 345%
- Apparel and accessories: 125%
- Telco: 122%

SOURCE: VISA transaction data
Growing VC funding and M&A

The rapidly expanding Middle Eastern start-up ecosystem has attracted the attention of regional and global venture capitalists. In prominent examples, global eCommerce giants have used acquisition as a route to enter the regional market to tap into its growth potential.

Whether it is the Mohammed Bin Rashid Innovation Fund Accelerator launched by the UAE Ministry of Economy, Saudi Arabia’s Vision 2030, or the $150 million Oman Technology Fund, fueling the start-up and innovation culture is a key priority for governments in the region.

In 2018, 366 MENA-based start-ups raised a total of $893 million in funding, a 31% increase from 2017, which saw $679 million being invested. MENA-based VCs such as Wamda Capital, STC Ventures/Iris Capital, Middle East Venture Partners (MEVP), and BECO Capital have been involved in several high-profile start-ups. The MENA region has now started attracting the attention of global venture capital firms as well.

The UAE remains the most active in attracting funding, with UAE-headquartered start-ups garnering 30% of all deals and 70% of total funding. This is attributed to continued government support, corporate venture interest and growing investor appetite for start-ups.

Local majors are investing in the space. Emaar Malls Group, which was aggressively competing to acquire Souq.com, acquired a 51% stake in the Dubai-based eCommerce platform Namshi for $151 million in May 2017. It also launched the multi-product marketplace noon.com, which, in late 2017, has started an online grocery platform. Noon.com also signed an agreement with eBay in June 2018, enabling its customers to purchase products listed on eBay in the US and other countries globally.

Notable GCC start-ups exits to global companies

- **2013**: OLX acquires Dubizzle, an online classifieds site
- **2015**: Delivery Hero acquires Talabat for $170 million
- **2017**: Amazon acquires Souq for $580 million
- **2017**: Delivery Hero acquires Carriage for $100 million
- **2019**: Uber acquires Careem for $3.1 billion
Amazon acquires Souq.com

As many as 11% of all UAE deals were made in the eCommerce sector in 2018, headlined by Amazon’s acquisition of Souq.com for $580 million. This acquisition paved the way for the American technology giant’s entry into the MENA region. The Souq.com brand has been replaced by the Amazon brand, which launched its Middle Eastern marketplace in April 2019.

The acquisition provided Amazon with a firm footing in the burgeoning eCommerce market, leveraged by Souq.com’s 45 million monthly visitors and a range of 8.4 million products across 31 categories.

Uber acquires Careem

Careem, which claims the highest amount of funding by a single start-up when it raised $200 million in October 2018, made news again in March 2019, when it was acquired by American transportation technology company Uber for $3.1 billion. While it becomes a wholly owned subsidiary of Uber, it will retain its brand, and operate as an independent company led by the founders of Careem.

Uber will acquire all of Careem’s mobility, delivery and payments businesses across the MENASA region covering 120 cities in countries ranging from Morocco to Pakistan, including major markets like Egypt, Jordan, Pakistan, Saudi Arabia, and the UAE. The transaction, which is expected to close in Q1 2020, will be the largest-ever technology sector transaction in the region. The acquisition allows Uber to cash in on its Middle East rival’s strengths – cultural acceptability, especially with female passengers, and ability to pay in cash.

Uber, which exited South East Asia by selling out to rival Grab in 2018, and also pulled out of China and Russia, will gain a foothold in a crucial market with a rapidly expanding population.
Improving logistics

The UAE enjoys an advantage as a major global transhipment hub with the port of Jebel Ali and Dubai International Airport (the sixth busiest cargo airport in the world) providing a high standard of logistics infrastructure necessary for eCommerce to take place. Targeting eCommerce specific logistics, in June 2018, Emirates Skycargo signed an MoU with Cainiao Network, the logistics arm of Chinese Alibaba group, aimed at making Dubai one of the eCommerce major’s six global logistics hubs7.

Improving logistics has been identified as a key driver for eCommerce growth. Moving away from solutions typically orientated to brick and mortar sales, retailers have fine-tuned eCommerce logistics to support growth and scale. The eCommerce supply chain has a different set of opportunities and challenges compared to traditional stores. This is being addressed by technological innovation within the logistics and manufacturing sectors.

Using emerging technologies such as 3D printing, active RFID tracking, or GPS-driven solutions make eCommerce logistics different from traditional logistics. eCommerce also has a different order cycle that is counted in hours and minutes instead of weeks and orders are seasonal and fragmented as opposed to being stable and predictable. Instant gratification requires robust customer service solutions for B2C rather than B2B consumers. Distribution is demand-driven rather than supply-led, with smaller shipments to multiple destinations taking the place of concentrated bulk deliveries8.

i. Innovation case study: Fetchr

Fetchr uses GPS to deliver to a mobile location. Dubai-based Fetchr, which calls itself a “technology driven courier company”, became a game-changer in providing fast and simple logistics services in the Middle East by doing away with the need for a physical address and replacing it with a GPS location for pick-up and delivery. The absence of formal street addresses and the lack of zip codes has often been cited as an issue for deliveries in the region. Fetchr’s proprietary app-based shipping and logistics solution has made it a case study in contextual innovation.

It raised over $52 million in four rounds from its founding in November 2012 up to 20179. Series A investors include Silicon Valley venture capitalists New Enterprise Associates (NEA). Series B included NEA, regional mall developer Majid Al Futtaim, along with Nokia Growth Partners, Raed Ventures, Iliad Partners, BECO Capital, YBA Kanoo, Venture Souq and Swicorp10.

Fetchr now includes the UAE, Saudi Arabia, Jordan, Oman, and Egypt among its shipping locations. It has a business solution for eCommerce that enables the company to connect to the retailer’s dashboard to automate deliveries or upload orders. It provides real-time tracking and takes over the entire delivery management process from pick-up and packing to delivery returns, cash on delivery, inventory management, last-mile deliveries and delivery API.

ii. Aggregation platforms case study: Deliveroo

Riding on an algorithm named Frank, restaurant aggregator and delivery major Deliveroo has raised $1.5 billion in funding over eight rounds. Their latest funding was on May 17, 2019 from a Series G round which Amazon led with a $575 million investment11. The online food delivery sector is estimated at $92.39 billion globally in 2018, and is expected to grow to $145.28 billion by 2023, a CAGR of 9.5%. It is the largest segment in the e-services category. Of this, platform-to-consumer deliveries are a smaller but rapidly growing chunk12.

Aggregators – described as companies that have diversified to add delivery in addition to providing rated reviews to consumers to compare offerings and order meals from a group of restaurants through a single website or app – have changed the food delivery proposition by providing logistics to restaurants. For restaurants that did not traditionally offer home delivery, this means targeting a new segment of consumers. The aggregators are compensated by the restaurant with a fixed percentage of the order and manage to achieve EBITDA margins of more than 30%. Brands such as Deliveroo and Uber Eats operate on a global scale13.
CEO Will Shu founded Deliveroo out of his personal quest to find restaurants that deliver food when he moved to London in 2013. Deliveroo claims revenue growth of over 650% year-on-year since then, and says that restaurants that put their trust in Frank, its algorithm, see their revenues increase by up to 30%. Frank uses predictive technology to evaluate the most efficient way of distributing orders based on the location of the restaurant, riders (who are part of the gig economy), and customers. By claiming to reduce delivery time by 20%, Deliveroo says riders can complete more deliveries per hour, enabling riders to increase their earnings, restaurants to increase their sales, and customers to get their food faster.14

Deliveroo is now using the data gathered through its app and back-end systems to identify food and beverage trends. It also invests in restaurants that fill the niche for underserved cuisines in particular localities, helping set up kitchens in 8-12 weeks.14

iii. Owned last mile case study: Souq.com (now Amazon.ae)

The last mile in the journey that brings a package from the eCommerce vendor to the consumer’s doorstep is a major factor in consumer satisfaction. It has a significant impact on the number of products returned and on company costs. Research has shown that 55% of consumers will switch to a rival retailer or brand if it offers faster delivery. Those who are satisfied with delivery intend to increase purchase levels by 12%.15 A total of 64% of US millennials are more likely to make an online purchase if same-day delivery is an option.16 For this reason, Amazon, for instance, has chosen to keep its logistics in-house rather than outsourcing deliveries.

The last mile, which can be fraught with complex route planning, arranging deliveries to suit customer schedules, and parking problems, is seeing disruption using new technologies such as drones and autonomous ground vehicles.17,18 Souq.com, the Middle East’s largest online retail and marketplace platform has focused on controlling logistics by owning the last mile. It has adopted several measures to ensure smooth last-mile deliveries. It introduced same-day delivery in 201619 and also offers consumers exact delivery dates. It created its own logistics arm, QExpress, and acquired Wing.ae, an aggregator of courier companies, in 2017, to fill logistics supply gaps. Its research showed that more than 50% of delivery vehicles around the UAE utilize less than half their capacity, and more than 30% of vehicles travel with empty cargo bins.20 QExpress created technology that enables businesses to make use of this spare capacity. The acquisition helped Souq.com leverage Wing.ae’s focus on economies of scale.
Enabling government initiatives

Government initiatives intended to promote innovation, entrepreneurship, and a cashless economy to foster financial inclusion and greater transparency have given a significant boost to eCommerce development in the UAE.

In the 2018 Government E-Payments Adoption Ranking (GEAR), the UAE scored 73.5, ranking 27th among the 73 economies studied, and inched closer to the mature category, which begins at 75.1. The GEAR report, sponsored by Visa, is an assessment of government enablement of e-payments growth. The UAE and France were the only countries topping the Citizen-to-Government category, “reflecting their long-standing commitments to facilitating public services through e-payments and broadening citizen access to information and electronic transaction services through numerous channels.”

**Cashless economy measures:** The government is driving a Smart City agenda in both public and private spheres. As a strong advocate for the UAE’s overall innovation and financial technology agenda, the Central Bank of the UAE has finalized a National Payment Systems Strategy that aims to create a secure, future-proof payments ecosystem that best supports the UAE’s objectives of a digital economy and a cashless society. In 2016, the central bank issued new regulations for digital payment services, following its constructive policy of open engagement and consultation with the industry to drive its regulatory agenda.

A digital, lean, connected “paperless, cashless government, driven by cutting-edge, disruptive technologies, defining the government of the future now,” is part of the Smart Dubai 2021 initiative. As part of the overall cashless agenda, Dubai’s DED launched a mobile payment solution called emPay, a digital wallet that works with partners across the payments ecosystem.

---

**UAE government e-payments**

![Graph showing UAE government e-payments](image)

---

Notes: Rank is out of 73 countries. Score is normalized on a scale of 100-0, where 100 = best. Global median is of all 73 countries. Source: The 2018 Government E-Payments Adoption Ranking
Dubai CommerCity: In 2017, Dubai launched Dubai CommerCity, the region’s first eCommerce free zone, as a joint venture between the Dubai Airport Free Zone Authority (DAFZA) and Wasl Asset Management Group. It aims to promote Dubai’s position as a leading platform for international eCommerce and to support economic diversification and smart transformation strategies in the eCommerce sphere, which is estimated to reach $20 billion by 2020 in the six Gulf Co-operation Council Countries.

Within a year of inception, the free zone announced that its investment value had increased 18.5% to reach $871.2 million with an increase of 32.5% in the total leasable area. It also cited forecasts that the eCommerce market in the region would be worth $48.6 billion in 2022, up from an estimated $26.9bn in 2018.

Dubai CommerCity is aimed at global and regional manufacturers and distributors and global and regional e-retailers, as well as ecosystem companies in the eCommerce industry such as e-payment gateway companies, internet service providers and others.

Dubai Internet City: Technology free zone Dubai Internet City (DIC) was established in 1999 with the aim of making Dubai a hub for Information and Communications Technology (ICT) innovation, knowledge development, and new ideas for a digital future. On its 15th anniversary in 2014, DIC announced the Innovation Hub, where 1.8 million square feet of space has been set aside to create a community of innovators exploring new ideas in technology, new media, smart education, and the sciences. Today, it claims to be the MENA region’s largest ICT hub, with liberal regulations that facilitate business success.

In 2018, DIC said that of the 120 active start-ups incorporated in the free zone, 58% had reported 50% year-on-year growth, and more than 90% said they had immediate expansion plans. eCommerce companies such as Delivery Hero, Careem, and Amazon Souq.com are based in DIC.

The free zone attracts halo brands and Fortune 500 companies while also fostering local SME growth and creating a favorable environment for entrepreneurs to nurture the next big wave of ICT innovation.
CONCLUSION: AN ACTION PLAN FOR THE FUTURE

A multi-stakeholder approach

With future-ready infrastructure and policy focus on a cashless society, the UAE consumer is only a click away from eCommerce, whether at home or on the go. UAE eCommerce transactions are growing at a healthy pace, compared to both developing and mature benchmarks. What can be done to ensure that this growth is responsive to consumer needs and works for the larger benefit of the economy?
The UAE's eCommerce market is a crucial segment of the overall retail sector. Favorable conditions for eCommerce include logistics, developed ports, and locations such as Dubai functioning as global trade hubs with state-of-the-art infrastructure. On the other hand, eCommerce that relies on home deliveries has faced the challenge of lack of comprehensive postal code coverage, impacting the last mile.

Many focused solutions have emerged to overcome this challenge by digital means, such as introducing a Makani number to exactly locate building entrances. In its latest iteration, the app-based service can be used without the internet in Dubai, Ajman, Umm Al Quwain, Fujairah and Ras Al Khaimah from the second time of usage. The simple address system consists of 10 digits (e.g. 30032 95320), which doesn't require using names or codes, cutting through language barriers.

Lack of land customs clearance for eCommerce shipments among neighboring countries adds to overall costs of deliveries via air shipments. Stakeholders have suggested creating an Arab digital trade region to facilitate land customs clearance and ease customs clearance requirements with a focus on growing regional cross-border eCommerce.

However, the biggest challenge for eCommerce players in the UAE, and indeed in the wider MENA region, is continued consumer preference for cash on delivery (COD) as a payment method, which has an impact on cash flows and increases risk for merchants.

**Tackling cash on delivery on multiple fronts**

Multiple start-ups in the region have made it their business to offer solutions that suit the consumer and the merchant. Working across Jordan, KSA, UAE, Kuwait, Qatar and Oman, Cashbasha and Jaib, for instance, act as intermediaries between cash consumers and merchants. Courier companies such as Aramex are considering providing faster remittance, revised fees, improved on-time deliveries, and subsidized cost of regional COD deliveries. Others, such as the UAE-based TFM Express and Amazon’s QExpress (originally owned by Souq.com), have local solutions for eCommerce retailers.

Another challenge is to include all income segments into the eCommerce landscape. An opportunity to open eCommerce transactions to the lower-income category via mobile banking remains largely untapped. The UAE has adopted financial inclusion via initiatives such as the Wages Protection System (WPS), an electronic salary transfer system that allows companies and institutions to pay workers’ wages via banks, bureaux de change, and financial institutions approved and authorized to provide the service.

However, wages paid electronically are still converted to cash when the worker collects them, despite the fact that smartphone penetration is high. Cost-effective initiatives to enable eCommerce within this population segment would go a long way.

Already, apps such as NowMoney and wallets such as Trriple are addressing this gap. Active initiatives for enhancing consumer trust by government departments are part of the solution. In the UAE, Visa is working with the relevant authorities on ‘Stay Secure’ consumer education campaign to promote safe digital payment via card and mobile.
According to the latest Visa-DED security survey⁹, the consumer’s decision to pay online is influenced by the visibility of logos of payment providers and trust badges, strong customer service, displaying customer reviews, and displaying SSL (Secure Sockets Layer) certificates on eCommerce sites.

Solutions such as offering card payment option (mobile POS) upon product delivery could help with converting COD customers into digital payers. According to the survey, 92% of those customers preferring COD would pay by card if a mobile POS machine was available at delivery.

**Ensuring secure payments**

The survey also provides insights on how online merchants can tackle consumer security concerns and encourage more shoppers to use their sites. Consumers prioritized the following factors when transacting on an online platform: visibility of logos of payment providers and trust badges (63%); providing strong customer service (61%); displaying customer reviews (49%); and displaying SSL (Secure Sockets Layer) certificates on the site (35%).

Consumers prefer dynamic, one-time passwords (OTPs) for authenticating digital transactions compared, driven by more familiarity / usage and the fact it is provided by their own bank. A total of 42% said they preferred it and 44% said they considered it more secure compared to fingerprint scanning (20%), captcha (12%), iris scanning (13%), facial recognition (7%) and voice recognition (2%).

**Safe practices**

Consumer awareness campaigns are being conducted to ensure safe online shopping practices such as:

1. Shop at well-known eCommerce sites
2. Avoid using public WiFi connection for transactions
3. Look for the ‘s’ after ‘http’ in website addresses to confirm that a site offers SSL protection
4. Activate Verified by Visa with your bank to secure online payments
5. Log out whenever you leave a website, especially if using a public computer
6. Never share your personal account information on social media, over email, phone, or chat
7. Only open emails, attachments, and links from trusted sources
Online retailers can partner with payment processors to adopt protocols such as Verified by Visa, which works by sending the shopper an OTP to ensure payments are made by the rightful owner of the Visa account. Tokenization technology, for example, replaces card data, including the 16-digit card number, with a “token”, a random number, to protect cardholders’ account information. During the transaction, the token is submitted instead of the actual card information.

Digital wallets, such as Apple Pay, Samsung Pay and Google Pay, are enabled by Visa tokenization, meaning shoppers have a safe and seamless experience whether paying in person or online. Consumer education promoting awareness on protecting mobile phones with passcode and biometrics as an added layer of protection for mobile payments also helps create trust and security.

**Recommendations**

Key recommendations for growing safe and secure eCommerce adoption are:

- **Drive consumer and merchant education on the benefits and efficiencies of eCommerce.**
- **Drive adoption of best practice that protects the consumer while creating frictionless, secure online shopping experiences.**
- **Drive consumer trust in eCommerce; encourage the adoption of digital payments and pre-payment.**
- **Continued expansion of access to digital payment channels, especially among key sectors such as government and SMEs.**
- **Continue to create an environment that supports digital commerce, entrepreneurship, and investment into the ecosystem.**
- **Encourage innovation in eCommerce and opening of new use cases (such as person-to-person payments for mass payouts, etc.).**
- **Encourage public and private sector partnerships to foster payment innovation and technology including domestic and regional processing.**
- **Continue existing government policy to encourage competition to enable market-driven pricing and create value for all stakeholders.**

---

1. Dubai Municipality. Makani App
4. Logistics Middle East. March 5, 2019. The future of cash on delivery in the MENA region
6. Now Money. October 9, 2018. Sending money home – the difficulties faced by the UAE’s migrant workers