

## Interview with David Parker Founder, Polymath Consulting



**Paybefore:** Is payroll still the biggest opportunity for prepaid in the Middle East or are other verticals gaining ground?

**David Parker:** I believe it would be wrong to say payroll is “the” biggest opportunity; it depends on the specific country you’re looking at. The Middle East is a region like Europe, sometimes viewed as one market but in reality very diverse. There are huge opportunities for prepaid, but they will differ by country.

As far as payroll goes, in the UAE, all salaries must be paid electronically and there’s similar regulation in Bahrain and Saudi Arabia. This has driven the payroll card market forward with operators like C3 now having more than 500,000 payroll cards live today.

But payroll isn’t the whole story. UAE’s RAKBANK, for example, launched a GPR card last year, and it already has issued more than 200,000 cards. In Kuwait most of the banks launch prepaid general purpose cards, but Ahli United Bank has launched the

region’s first private-label charity disbursement card. In the Levant in Beirut, we have seen Bank Med launch six different programs ranging from gift to companion Internet prepaid cards. Then you have remittances. These markets include some of the largest employers of Asian expatriate workers, sending millions of dollars home every week/month.

**Paybefore:** As you said, the Middle East is not monolithic. Are there specific countries that are easier to enter than others?

**DP:** Very much so. For instance, in Saudi Arabia new prepaid regulations have just come out, requiring all prepaid card processing to be done “in country.” Program management along with processing needs have to be “in-sourced” by any bank wishing to use these services. If we compare this to the UAE where changes, which I can’t detail now, are expected this fall that will make it easier to enter the market, there is a major difference. In other markets around the Middle East, a huge education process is needed

to help banks understand the opportunities available through prepaid, either as entrants themselves or as BIN sponsors.

**Paybefore:** What's driving the market in the Middle East?

**DP:** The overall driver in several markets has been regulation around electronic payroll, but after that we have seen individual banks realize and identify other opportunities and take these forward. This, in turn, often has caused the market as a whole to sit up and take notice of what's going on. Certainly the payment schemes have been very active in supporting prepaid.

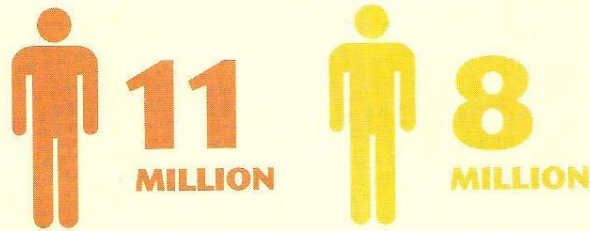
**Paybefore:** What are the greatest barriers to adoption in the region?

**DP:** This differs by market, but in many respects is similar to most emerging regions: regulation. Typically, it's a lack of regulation or overly restrictive regulation due to lack of understanding of prepaid by the central banks. Infrastructure—POS and ATM but also, importantly, load networks/points—is underdeveloped.

**Paybefore:** How would you describe the prepaid market in the Middle East?

**DP:** The Middle East, per se, is a dynamic market with some of the fastest-growing economies in the world, with huge percentages of the population under 30. It's a

## DID YOU KNOW?



More than half of all remittances to South Asia come from the Persian Gulf States, which employ more than 11 million expatriate workers, an estimated 8 million or more from South and East Asian countries, according to the World Bank.

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Polymath Consulting

very different market; it's not similar to the United States or Europe. I spent many years living there and even then would only

describe my cultural understanding as basic. Culture and the way you do business are very different, which can make it challenging and frustrating for foreign companies. It's not a market where business is done over the phone. You must have a base if you want to enter the market, often with local partners.

It may seem that I've been negative, but what I would say overall is that the Middle East is dynamic, has huge potential but is not a quick-win market. It takes commitment and time to enter the market. It takes real understanding of the cultural issues and it takes careful consideration. But all things considered, it also has the potential to be one of the most profitable with such a young, exciting population.