BNPL Landscape in KSA & UAE: Growth and Risk

Strategic findings on consumer behavior, basket size expansion, and structural risk across Gulf e-commerce

Executive Research Report

July 28, 2026 · Sentink Survey Platform · n = 112 respondents

Buy Now Pay Later Has Achieved Mass Penetration as a Mainstream Retail Payment Engine

47%
United Arab Emirates (UAE)

47%
25–34

56%
Female

84%
Yes

WHAT THIS MEANS FOR THE BUSINESS

- With 47% clustering on "United Arab Emirates (UAE)", Which country do you currently reside in? is settled before price enters the conversation, moving the differentiation fight earlier in the decision cycle.
- "25–34" absorbs 47% of choice in What is your age group?, which narrows where the offer actually has to win and turns spend elsewhere into a distraction.
- A 56% pull toward "Female" is a retention lever rather than a passing preference: the segment choosing it has already named what would keep it.

Robust Sample across KSA and UAE Captures High-Growth Working Demographics

STUDY OBJECTIVES

- BNPL's mass adoption is driven by a core demographic of working-age consumers in KSA and UAE, aged 25-44, who leverage these services for essential spending and improved financial management.
- While 84% of respondents use BNPL, the younger 18-24 segment exhibits a higher propensity for impulse purchases and a greater reported increase in overall spending.
- Demand for longer repayment periods and reduced fees is pronounced across all product categories, particularly for electronics and fashion, indicating a need for product evolution to sustain growth.
- UAE consumers are more likely to cite 'no interest or hidden fees' as their primary motivation for using BNPL, contrasting with KSA consumers who prioritize 'better cash flow management'.

METHODOLOGY

Surveyed Markets	KSA and UAE
Total Responses	198
Completed Interviews	112
Completion Rate	57%
Key Age Groups	25-34 (47%), 35-44 (30%)
Primary BNPL Users	84% of respondents

01

Who We Heard From

Demographic and geographic composition of the survey sample

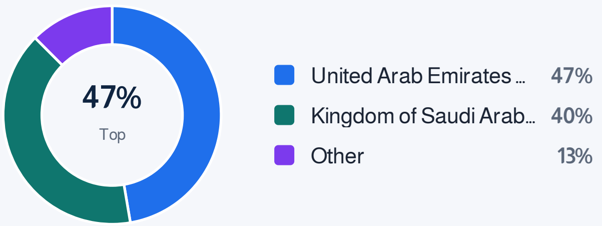
A balanced read across sample segments

RESPONDENT SNAPSHOT

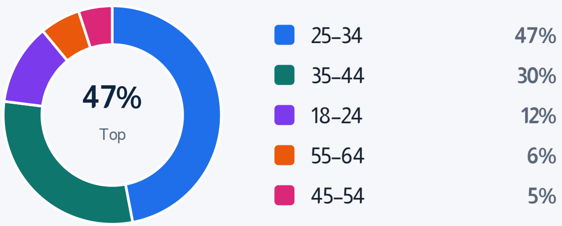
112
Total respondents

57%
Completion rate

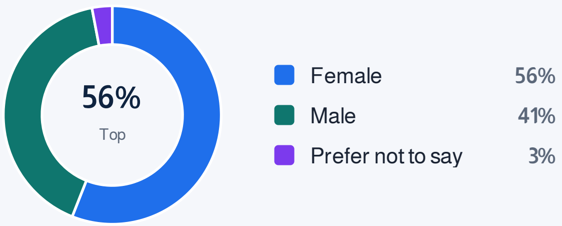
Which country do you currently reside in?



What is your age group?



What is your gender?



02

Market Adoption & Provider Dominance

Tabby and Tamara Command Duopolistic Market Leadership Across Regional E-Commerce

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Which BNPL services have you used? (Select all that apply)

BASED ON N=112 COMPLETED RESPONSES FROM A SURVEY OF 198 PARTICIPANTS IN KSA & UAE.

EXECUTIVE INSIGHT

The KSA and UAE e-commerce landscape is consolidating around two dominant Buy Now Pay Later (BNPL) providers, with Tabby and Tamara capturing an overwhelming majority of user preference. This duopoly is not merely a matter of market share; it signifies a critical shift in consumer adoption, where these platforms have become the de facto payment method for a significant portion of the digitally active, working demographic previously established. Their near-universal recognition and usage suggest a powerful network effect, making it exceedingly difficult for emerging or smaller BNPL players to gain traction and challenging the established positions of traditional credit card installment plans.

STRATEGIC IMPLICATION

This concentration directly impacts competitive positioning and customer acquisition costs. It necessitates a strategic decision on whether to partner with incumbents, invest heavily in differentiating a niche offering, or accept a reduced role in the primary BNPL payment flow. Merchant relationships and integration complexity are also key considerations.

RECOMMENDED ACTIONS

1. Explore strategic partnership opportunities with either Tabby or Tamara to ensure merchant visibility and transaction volume.
2. Develop a targeted campaign for the 15% of users still preferring credit card installments, highlighting specific benefits not met by the dominant BNPL players.
3. Investigate the unmet needs of the 5% using niche services like Postpay and Cashew to identify potential differentiation opportunities.

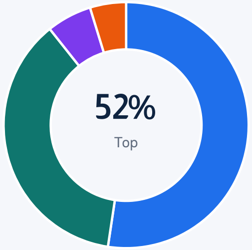
EXECUTIVE TAKEAWAY **Two BNPL giants dictate regional e-commerce payment, leaving little room for challengers.**

BNPL Has Evolved From Emergency Financing Into Routine Cash Flow Management

52%

Use BNPL 'Sometimes'

How often do you use BNPL services when shopping?



Sometimes	52%
Often	37%
Always (For almost every pu...	6%
Rarely	5%

EXECUTIVE INSIGHT

Building on the established duopoly of Tabby and Tamara, BNPL services are no longer solely a solution for aspirational purchases or unexpected financial gaps. The market has matured, with consumers now integrating BNPL into their routine spending habits. A striking 52% of users engage 'Sometimes' and 37% 'Often,' indicating a shift from a reactive credit instrument to a proactive cash flow management tool for everyday items. This signals a profound normalization of deferred payments, influencing how consumers budget and manage their disposable income. Executives must recognize this evolution moves BNPL beyond a simple payment option to a core component of customer financial planning, driving higher transaction frequency and loyalty rather than just enabling larger one-off purchases.

STRATEGIC IMPLICATION

This shift fundamentally redefines customer retention and product strategy. BNPL providers can deepen engagement by designing features that support routine budgeting and smaller, frequent purchases, not just large ones. It elevates competitive position for players who seamlessly integrate into daily spending, while marketing efforts must pivot from emergency relief to empowering everyday financial control, fostering stickiness and higher customer lifetime value.

RECOMMENDED ACTIONS

1. Product Development: Introduce micro-payment features or subscription-like BNPL plans for recurring smaller purchases to capture everyday spending.
2. Marketing & Communications: Shift campaign narratives from enabling large purchases to highlighting BNPL as a smart budgeting tool for daily expenses.
3. Partnerships & Integration: Prioritize integrations with essential service providers (e.g., groceries, utilities) to embed BNPL into routine household cash flow.
4. Risk Management: Re-evaluate credit scoring models to account for frequent, smaller transactions, ensuring profitability and preventing over-leveraging.

EXECUTIVE TAKEAWAY **BNPL's value now lies in empowering daily financial agility, not just enabling aspirational purchases.**

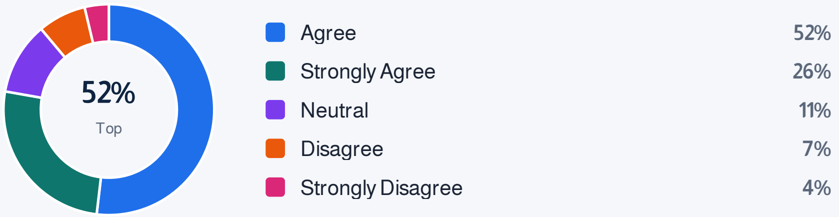
03

Behavioral Drivers & Basket Expansion

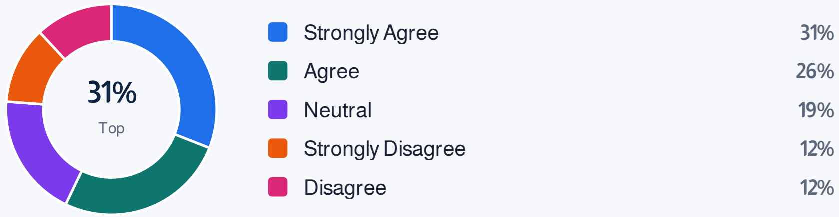
Older Millennial Shoppers Leverage Flexible Terms to Trade Up to Premium Products

Older Millennial Shoppers Leverage Flexible Terms to Trade Up to Premium Products

35-44



25-34



EXECUTIVE INSIGHT

The sample splits on "Agree" by 26 points between 35-44 and 25-34 — too wide a gap for one message to cover. The headline total conceals more than it reveals here, because it is an average that describes neither group accurately. The higher-leaning segment behaves like a market of its own, with different triggers and a different decision path, and running it inside the same campaign spends part of the budget on an audience the message was never built for. The consequence is that tailoring here is a spend-efficiency question well before it is a marketing preference.

STRATEGIC IMPLICATION

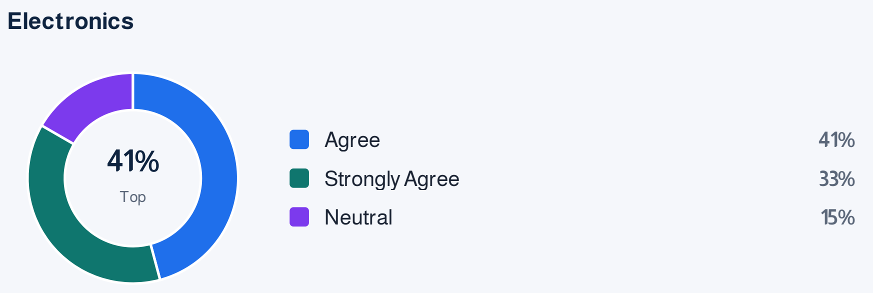
On acquisition, a single unified campaign serves one group at the other's expense and raises the cost of reaching the less responsive segment. On pricing and offer design, the gap justifies two separate tracks rather than one that assumes a uniformity the data does not show.

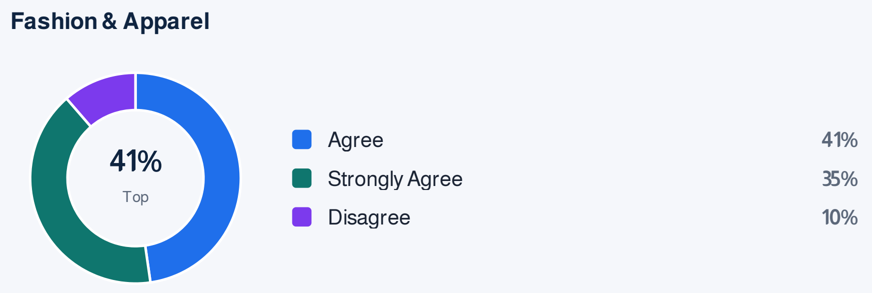
RECOMMENDED ACTIONS

1. Split the 35-44 and 25-34 messaging in the next campaign instead of running one combined offer.
2. Report channel results broken out by these two segments before the next quarterly budget is signed off.

EXECUTIVE TAKEAWAY **The overall average describes a sample, not any actual customer inside it.**

High-Frequency BNPL Purchases Are Heavily Concentrated in Tech and Fashion





EXECUTIVE INSIGHT

The sample splits on "Neutral" by 15 points between Electronics and Fashion & Apparel — too wide a gap for one message to cover. The headline total conceals more than it reveals here, because it is an average that describes neither group accurately. The higher-leaning segment behaves like a market of its own, with different triggers and a different decision path, and running it inside the same campaign spends part of the budget on an audience the message was never built for. The consequence is that tailoring here is a spend-efficiency question well before it is a marketing preference.

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04

Regional Divergence & Growth Levers

UAE Shoppers Focus on Liquidity Optimization While KSA Adoption Driven by UX Convenience

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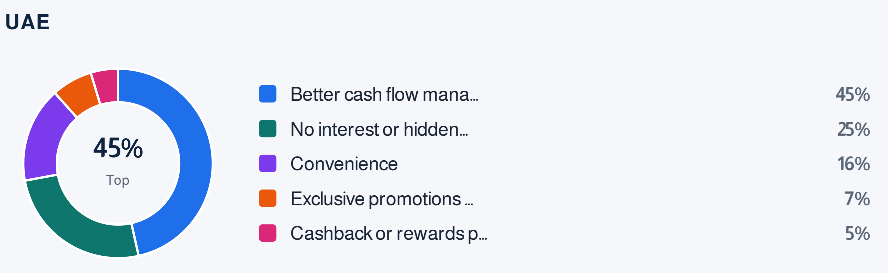
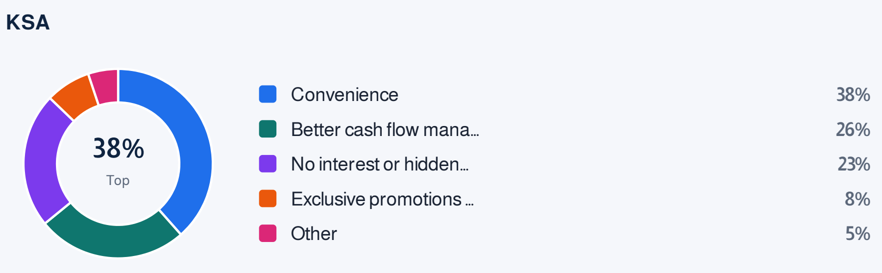




KEY REASONS FOR BNPL USAGE DIVERGE SIGNIFICANTLY BETWEEN UAE AND KSA SHOPPERS.

EXECUTIVE INSIGHT

While the previous page highlighted a concentration in tech and fashion, a deeper look reveals distinct user motivations across markets. UAE shoppers, comprising 45% of BNPL users citing reasons, prioritize 'Better cash flow management,' suggesting a focus on optimizing their liquidity and managing expenses over time. This behaviour suggests a more considered, almost budgeting-like approach to credit. Conversely, in KSA, 'Convenience' emerges as the primary driver for 38% of users, with 'No interest or hidden fees' also featuring strongly (23%). This points to an adoption curve driven by ease of use and perceived cost savings, rather than solely liquidity management, indicating a market more receptive to BNPL as a frictionless payment method.

STRATEGIC IMPLICATION

This divergence necessitates tailored value propositions and marketing. For the UAE, emphasizing financial control and long-term budgeting benefits will resonate. In KSA, the focus must be on seamless integration, speed, and clearly communicating the absence of fees to capture convenience-driven demand. Misaligning messaging risks alienating key segments and underperforming in either market.

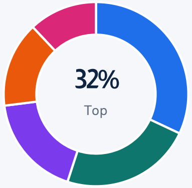
RECOMMENDED ACTIONS

1. Develop UAE-specific marketing campaigns highlighting BNPL as a budgeting tool, showcasing features that aid cash flow planning.
2. In KSA, streamline the BNPL checkout process further and launch targeted promotions emphasizing speed and zero-fee transactions.
3. Pilot distinct onboarding flows in each country, tailored to the primary driver identified (liquidity for UAE, convenience for KSA).

EXECUTIVE TAKEAWAY UAE values BNPL for financial control; KSA seeks frictionless, fee-free transactions.

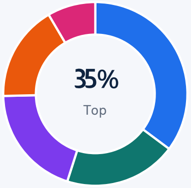
Consumers Demand Longer Repayment Tenors to Commit to Larger Basket Sizes

UAE User Priorities



Longer repayment peri...	32%
No late payment fees ...	23%
Financial literacy ti...	18%
Integration with more...	15%
Better customer suppo...	12%

KSA User Priorities



Longer repayment peri...	35%
Financial literacy ti...	20%
No late payment fees ...	20%
Better customer suppo...	17%
Integration with more...	8%

KSA USERS PRIORITIZE CUSTOMER SUPPORT (17%) MORE THAN UAE (12%), WHILE UAE USERS SEEK BROADER INTEGRATION (15%) MORE THAN KSA (8%).

EXECUTIVE INSIGHT

While the previous page highlighted distinct market drivers—UAE prioritizing liquidity and KSA convenience—both consumer bases converge on a singular, dominant demand: significantly longer repayment tenors. This isn't merely a preference; it signals a fundamental barrier to higher average transaction values. Consumers are ready to commit to larger basket sizes, but current short repayment cycles create psychological friction, limiting their perception of affordability for significant purchases. Executives should understand that simply offering BNPL is no longer enough; the competitive edge now lies in enabling greater financial flexibility that aligns with the lifecycle of higher-value purchases, thereby unlocking untapped spending potential beyond current transaction limits.

STRATEGIC IMPLICATION

This universal demand for extended repayment directly impacts product development and revenue growth. Prioritizing longer tenors will enhance customer acquisition for high-value segments and significantly improve average order value. It shifts competitive position from basic service provision to a financial enabler, requiring adjustments to risk modeling and pricing strategies to capture this latent market demand.

RECOMMENDED ACTIONS

1. Pilot 6-month+ repayment options for specific high-ticket categories (e.g., electronics, travel) to test elasticity of basket size and manage risk exposure.
2. Refine marketing messaging to emphasize the financial planning benefits of BNPL for larger purchases, moving beyond impulse-driven promotions.
3. Invest in advanced credit scoring models capable of accurately assessing risk for extended repayment periods, differentiating from traditional short-term BNPL underwriting.
4. For KSA, prioritize enhancing customer support and dispute resolution (17% of KSA users desire this) to align with their higher focus on service convenience.

EXECUTIVE TAKEAWAY **Extending repayment horizons is critical for BNPL providers to unlock larger transactions and capture market share.**

05

Consumer Sentiment & Debt Exposure

Positive Sentiment Masks Rising Debt Stress Among Frequent Split-Payment Users

Positive Sentiment Masks Rising Debt Stress Among Frequent Split-Payment Users

POSITIVE SENTIMENT

75% of users report positive impacts on budgeting and flexibility.

DEBT STRESS

37% agree BNPL has increased financial stress or debt.

EXECUTIVE INSIGHT

While a significant majority (75%) of Buy Now Pay Later (BNPL) users in KSA and UAE perceive these services as beneficial for budgeting and financial flexibility, this positive sentiment masks a growing undercurrent of financial strain. Nearly two in five (37%) users acknowledge that BNPL has increased their personal debt levels or financial stress. This divergence suggests that the immediate convenience of split payments is overriding longer-term financial caution for a substantial segment, particularly those who use the services frequently, potentially setting them up for future difficulties.

STRATEGIC IMPLICATION

The disconnect between perceived budgeting benefits and actual debt stress directly impacts customer lifetime value and brand perception. It challenges acquisition strategies by highlighting a hidden risk of over-indebtedness, which can lead to reduced future spending capacity and increased churn. This also elevates operational risk for BNPL providers, potentially increasing default rates.

RECOMMENDED ACTIONS

1. Introduce in-app nudges for users approaching credit limits or making frequent small purchases, prompting a review of their overall debt.
2. Develop targeted educational content on responsible BNPL usage, emphasizing the cumulative impact of multiple payment plans.
3. Pilot a 'cooling-off' period for users initiating more than three active BNPL plans within a month to mitigate impulse over-commitment.

EXECUTIVE TAKEAWAY **Convenience today fuels debt tomorrow, threatening the long-term health of BNPL users and the sector.**

Direct Feedback Exposes Tension Between Flexible Budgeting and Debt Accumulation

> *It's actually good because I can handle manage what I buy.*
>
> SURVEY RESPONDENT

> *For me its good to have like this services*
>
> SURVEY RESPONDENT

> *فكرة تمارا وتابي ممتازة جدا وتسهل عملية الشراء بالاقصاد*
>
> SURVEY RESPONDENT

> *تقسيط لمده 6 اشهر لين ١٢ شهر بعض المحلات تفرض رسوم اضافيه لقاء الخدمه من تمارا او تابي يرجى التدقيق معهم*
>
> SURVEY RESPONDENT

EXECUTIVE INSIGHT

The initial appeal of Buy Now Pay Later (BNPL) in KSA and UAE is its promise of immediate purchasing power, allowing consumers to spread costs and manage immediate cash flow. This is particularly resonant for those who see it as a tool for responsible budgeting, enabling purchases they might otherwise defer. However, this very flexibility creates a subtle but significant risk: the normalization of installment payments can obscure the total debt burden, leading users to accumulate multiple, smaller obligations that collectively strain finances. The ease of access, while a clear benefit, inadvertently lowers the perceived barrier to entry for deeper financial commitments.

STRATEGIC IMPLICATION

BNPL's dual nature as a budgeting enabler and a potential debt accelerant impacts customer retention and acquisition by altering perceived financial health. It directly affects marketing messaging by requiring a balance between promoting ease of purchase and responsible usage, and influences product development by necessitating clearer debt visualization tools.

RECOMMENDED ACTIONS

1. Develop in-app tools that aggregate all active BNPL plans, clearly displaying total outstanding balances and repayment timelines.
2. Pilot a 'financial wellness' module within the app, offering guidance on responsible BNPL usage and debt management.
3. Introduce tiered credit limits based on repayment history, rewarding responsible users with higher flexibility while capping risk for newer customers.

EXECUTIVE TAKEAWAY **BNPL's convenience masks a growing risk of unmanaged debt accumulation for consumers.**

06

Strategic Synthesis

Core Commercial Takeaways for Merchants and Fintech Operators

Core Commercial Takeaways for Merchants and Fintech Operators

Have you ever used Buy Now Pay Later (BNPL) services (e.g., Tabby, Tamara)?

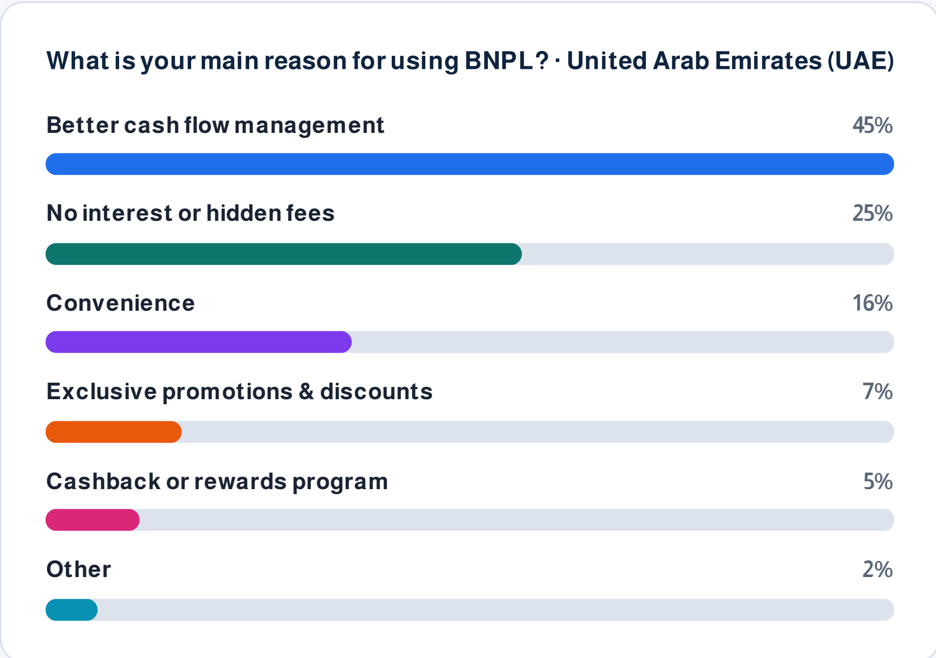
1

BNPL is no longer an emerging payment method; its 84% adoption rate among consumers in KSA and UAE establishes it as a foundational expectation for transactional flexibility, making it an essential component for merchant conversion and fintech market share.

84%

n = 100

Core Commercial Takeaways for Merchants and Fintech Operators



2

While BNPL addresses the tension between budgeting and spending, the core driver shifts regionally: 45% of UAE users prioritize cash flow management, whereas KSA users are primarily motivated by convenience, demanding distinct value propositions and messaging strategies from operators.

45%

n = 84

Core Commercial Takeaways for Merchants and Fintech Operators

To what extent do you agree with the following statements regarding BNPL services? - BNPL allows me to buy higher-quality or more expensive items that I wouldn't otherwise buy. · 35-44

3

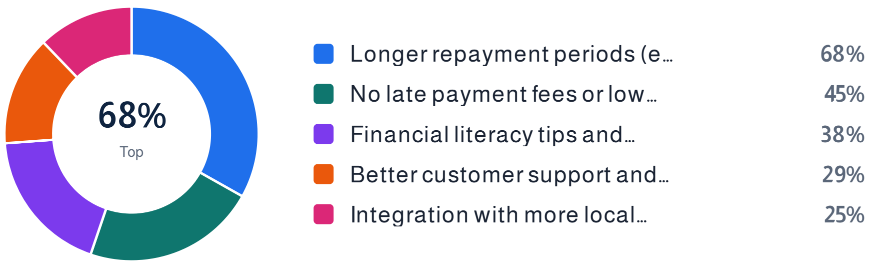
BNPL significantly elevates purchasing power for the 35-44 age bracket, with 52% agreeing it enables them to acquire higher-quality or more expensive items, signaling an opportunity for merchants to strategically upsell and for fintechs to manage the associated credit risk carefully.

52%

n = 84

Core Commercial Takeaways for Merchants and Fintech Operators

What enhancements or improvements would you like to see in BNPL services in the region? (Select all that apply)



4

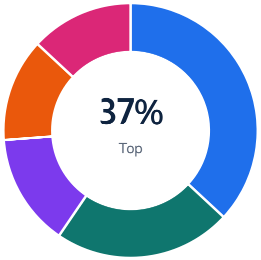
Consumers are actively seeking greater financial flexibility, with 68% desiring longer repayment periods, indicating that current BNPL structures may still contribute to perceived financial pressure and suggesting a clear product development pathway for fintechs to enhance value.

68%

n = 84

Core Commercial Takeaways for Merchants and Fintech Operators

To what extent do you agree with the following statements regarding BNPL services? - Using BNPL has increased my financial stress or debt level.



Agree	37%
Neutral	23%
Strongly Disagree	14%
Strongly Agree	13%
Disagree	13%

5

The perceived tension between flexibility and debt is tangible, as 37% of users acknowledge increased financial stress or debt levels from BNPL, underscoring the imperative for providers to integrate robust financial wellness tools and transparent communication to foster sustainable usage.

37%

n = 84

07

Executive Action Plan

Priority Commercial and Product Recommendations for Market Leaders

Priority Commercial and Product Recommendations for Market Leaders

RECOMMENDATION 1

Introduce 6-Month Payment Tenors for Big-Ticket Segments

Partner with banking partners to deploy extended 6-month split schedules specifically for electronics and home decor to unlock higher basket conversions.

Linked to: Split-payment options serve as an upselling engine, enabling 52% of 35-44 year olds to purchase higher-quality products.

RECOMMENDATION 2

Tailor Value Propositions by Market Geography

Structure marketing in the UAE around working capital and cash-flow optimization, while positioning KSA campaigns around friction-free instant checkout.

Linked to: Core adoption drivers diverge regionally, as 45% of UAE users seek cash flow management versus 38% in KSA seeking convenience.

RECOMMENDATION 3

Embed Responsible Spending Guardrails at Checkout

Integrate real-time spending limit alerts and debt-dashboard notifications inside checkout flows to mitigate credit degradation among vulnerable users.

Linked to: Financial anxiety is building underneath high adoption rates, with 37% agreeing BNPL has increased overall debt levels.

RECOMMENDATION 4

Leverage Duopoly Infrastructure for Ecosystem Expansion

Retail merchants must integrate directly with Tabby and Tamara native apps to capture high-intent traffic before shoppers enter the merchant store.

Linked to: BNPL has achieved near-universal penetration in the region, with Tabby and Tamara capturing 87% and 68% share respectively.

Thank you

This concludes the executive research report. We hope these insights support clearer decisions.

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