

Country Summary – Kingdom of Saudi Arabia



Map of Kingdom of Saudi Arabia



Flag of Kingdom of Saudi Arabia

1) Location - Information

- Located in Western Asia, the Kingdom of Saudi Arabia (KSA) spans the vast majority of the Arabian Peninsula, with a land area of approximately 2,150,000 km². Saudi Arabia is the largest country in the Middle East, and the second-largest country in the Arab world
- Time zone - GMT+3
- Riyadh, is the capital city and the largest city within KSA, with other major cities including Jeddah, Mecca, Medina, Sulţānah, Dammam, Ta'if and Tabuk.
- The country is split into administrative divisions which include 13 provinces (mintaqat, singular - mintaqah); Al Bahah, Al Hudud ash Shamaliyah (Northern Border), Al Jawf, Al Madinah (Medina), Al Qasim, Ar Riyad (Riyadh), Ash Sharqiyah (Eastern), 'Asir, Ha'il, Jazan, Makkah (Mecca), Najran, Tabuk
- KSA has six International Airports. Jeddah Airport - King Abdulaziz International Airport, is one of the busiest in the region and largest airport in the principality. While the King Khalid International Airport in Riyadh is the second largest airport
- KSA has a desert climate characterized by extreme heat during the day, an abrupt drop in temperature at night, and very low annual rainfall. Because of the influence of a subtropical high-pressure system, there is considerable variation in temperature and humidity
- KSA applies Islamic (Sharia') legal system with some elements of Egyptian, French, and customary law is applied. Several secular codes have been introduced, and commercial disputes are handled by special committees
- The official currency is Saudi Riyal (SAR).

2) Demographics

- The population of KSA in 2019 was 34.27 million and is the third largest population in the Middle East after Iran and Iraq, and the second largest country in the Arab world
- KSA has one of the world's youngest populations, with approximately 50% of the population under 25. In view of this, the middle age group of 15-64 makes up the greatest share of the total population - about 64.8%. The gender ratio is 1.05 males per female
- Official language is Arabic, and the literacy rate is 95.33 %. The male literacy rate is 97.1%, for females is 92.71%
- Education consists of kindergarten, six years of primary school and three years each of intermediate and high school. After elementary and intermediate school, students can choose whether to attend a high school with programs in commerce, the arts and sciences, or a vocational school
- The unemployment rate in 2020 was 8.22 %. A rise from 6.13 % in previous year
- 28 % adults are unbanked in 2021.

3) Culture & Religion

- KSA traces its roots back to the earliest civilizations of the Arabian Peninsula. Over the centuries, the peninsula has played an important role in history as an ancient trade centre and as the birthplace of Islam.
- KSA is a Muslim country that requires strict adherence to Islamic principles. Five times a day, Muslims are called to pray in the direction of the holy city Mecca. The prayer times are published in newspapers and come at dawn, noon, afternoon, sunset and evening. Stores and restaurants close for approximately 30 minutes at these times
- There are two Islamic religious holidays during which most businesses close for at least three working days and all government offices close for a longer period. During these holidays it is very difficult to make contacts or transact business
- The Eid al-Fitr holiday occurs at the end of the holy month of Ramadan, which is the ninth month of the Islamic calendar (observed as a month of fasting, prayer, reflection, and community). Ramadan for the year of 2022 is to be from the evening of Saturday 2 April lasting for 30 days and ending at sundown on Saturday 1 May
- During Ramadan, Muslims abstain from food and drink during daylight hours. Office hours are shortened and shifted to the evening, and people may be affected by the fasting and customary late night social gatherings. During Ramadan, business travellers should not drink, eat, or smoke in public during daylight or in the presence of fasting Muslims. Major hotels offer special daytime food services for their non-Muslim guests
- Eid al-Adha celebrates the time of year when pilgrims arrive from around the world to perform the pilgrimage to Mecca, or Hajj (For the year 2022, will run between Saturday 9 July to Wednesday 13 July 2022).

4) Business Culture

- Business in KSA is generally conducted after a degree of trust and familiarity has been established. Considerable time may be spent exchanging courtesies, and several visits may be needed to establish a business relationship.
- Tea and traditional Saudi coffee are usually offered during business meetings. One to three cups of Saudi coffee should be taken for politeness.
- One should avoid sitting at any time with the sole of the foot pointed at the host or other guest.
- If invited to the home of a Saudi for a party or reception, a meal is normally served at the end of the evening, and guests will not linger long after finishing. Shoes are often removed before entering a Saudi living room (majlis).
- Dress is conservative for both men and women. Men should not wear shorts or tank tops, while women are advised to wear loose-fitting and concealing clothing with long skirts, elbow-length sleeves, and modest necklines. There is strict gender separation in the KSA, and restaurants maintain separate sections for single men and families. Saudi wives are often excluded from social gatherings or are entertained separately.
- The normal workweek runs from Sunday through Thursday. Friday is the Muslim weekly holy day. Business hours vary in different parts of the country. Saudi companies usually close for two to four hours in the afternoon and remain open throughout the early evening. Retail stores close for the noon prayer and reopen around 4:00 P.M., often staying open until late in the evening.

5) Citizenship & Visas

- Saudi citizenship is granted to children born inside or outside KSA if they were born to a Saudi father
- A child born inside or outside the KSA, to foreign parents or to a foreign father and a Saudi mother, and a child born abroad to a known foreign father and a Saudi mother, may select the Saudi Arabian nationality upon reaching the age of maturity
- All visitors, including pilgrims, need a visa to enter KSA, and the passport should be valid for a minimum period of 6 months from the date of entry into Saudi Arabia.
- It is necessary to apply for a visa through visa agencies accredited to the Royal Embassy of Saudi Arabia. If visitors to the country overstay their visa period of validity, they will be fined and deported
- Visitors may be refused entry to KSA if the passport contains evidence of previous travel to Israel or indicates Israel as a birthplace
- For female visitor arriving on a non-tourist visa, or a resident, she must be met by her sponsor on arrival. Otherwise, she may face delays before being allowed to enter the country or to continue an onward journey.

5) Political Landscape

- KSA is an absolute monarchy in which the King has supreme powers. The monarch is both chief of state and head of government. The monarchy is hereditary. Salman bin Abdulaziz al-Saud is the Crown Prince since January 2015

- The Council of Ministers (cabinet) is appointed by the Monarch and includes many royal family members. The Council of Ministers has both legislative and executive powers, subject to the King's approval
- The king will take account of the opinions of the Ulema, or Sunni Islamic clergy, who have a centuries-old alliance with the Al Saud, supporting royal political projects in return for consultation, status, salaries and privileges.
- There are no political parties. However, certain political movements may exist (Islamists, Communists, Liberals, Greens, etc.), in the form of illegal organisations. The first municipal elections in KSA took place in 2005
- Tensions are caused by the marginalisation of Saudi Arabia's Shia minority, which is heavily concentrated in the country's Eastern Province. It poses a potential source of instability. Protests in Eastern Province have periodically become violent,

6) Economy

- KSA is considered both a regional and middle power, with the largest economy in the Middle East, and nineteenth-largest economy in the world
- According to OPEC, KSA is also the largest exporter of petroleum and possesses around 17 percent of the world's total proven petroleum reserves
- Whilst KSA is recognised as an oil-based economy with the largest proven crude oil reserves in the world it has sought to diversify its revenue base to protect itself from oil price fluctuations. The non-oil sectors, especially construction, real estate, healthcare, and education, still offer business opportunities although most businesses are currently more conservative in their plans compared to the past
- In July 2021 inflation rate up 0.4%. It averaged at 2.4 % between 2000-2018.
- S&P Global Ratings affirmed "A-/A-2" sovereign credit rating on prospects of a robust economic recovery aided by its strong net asset position and higher crude prices.
- KSA is ranked 62 of 190 countries in terms of ease of doing business according to 'Doing Business 2020' report by World Bank
- It has recently launched a broad and ambitious socio-economic reform plan known as Vision 2030. The program is aimed at diversifying the economy, creating private sector jobs for a growing population, and placing government finances on a sounder footing
- The Saudi market can be very sensitive to branding and materials content based on Saudi traditions, customs, and strict observances of the Islamic faith. Despite increased progress on IPR in recent years, enforcement is still lacking in several key sectors and particularly with respect to pharmaceuticals, software, digital and signal piracy, and counterfeit goods

7) Social

- KSA is defined by its Islamic heritage, its historical role as an ancient trade centre, and its Bedouin traditions. The Saudi society has evolved over the years, their values and traditions from customs, hospitality to their style of dressing, are adapting with modernisation.
- Depth of its civilization that date back to more than one million years. It was the land of many kingdoms and states that prevailed in the evolution of human

civilization. Its distinguished geographical location made it a point of intersection of international trade routes through all the ages

- KSA is the cradle of Arabism and Islam and the country of The Two Holy Mosques
- The simplest expression of Arab hospitality is coffee – its preparation alone is an intricate cultural tradition, and it is often served in small cups along with dates and sweets. Another gesture of hospitality is the burning of incense (oud) to welcome guests
- As the birthplace of Islam, the Kingdom places a special emphasis on preserving its Islamic archaeological heritage. Holy Mosque in Makkah, the Prophet's Mosque in Madinah and mosques built by the first Caliphs after the death of the Prophet Muhammad are of significance
- Dating back 1,400 years to the first century of Islam, calligraphy is a revered art in Saudi Arabia. Today, calligraphy is a dominant theme in metalwork, ceramics, glass textiles, painting and sculpture throughout Saudi Arabia and the Muslim world
- Football is by far the most popular modern sport. Cricket, Basketball, Camel racing, and Falconry are also popular sports.

8) Technology

- Saudi Vision 2030 aims to transform KSA into a globally competitive ICT hub, with modern technologies and an empowered information society
- The ambition envisages many investment themes, including the development of the digital content and media, the expansion of the telecommunication system, the digitization of the country, and the creation of new high-tech and smart industries
- 71% Digital maturity level percentage of eGovernment services
- Smart phone penetration is 84 %. The 3 main mobile carrier companies are Saudi Telecom Company, Zain and Mobily. 29.3 Mbps Average mobile broadband speed
- Internet penetration is 72 % and growing at 11 % CAGR. The average annual online spend is \$618. 37% of households are covered by fiber optics. 29.8 Mbps Average fixed broadband speed.

9) Payments Network

- With cash payments still the second most popular payment method (34%) according to a 2020 study. However, during 2020, digital payments grew by 75% and cash withdrawals fell by 33%, so the country's inevitably going in the cashless direction, and by 2025, digital payments are projected to accumulate as much as \$42.3 billion in value
- Under its Vision 2030 program launched in the aftermath of the 2015 downturn in oil prices, KSA is not only aiming at diversifying its economy and boosting investment but also developing a digital payments infrastructure.
- Debit cards is the dominant payment method when shopping online, used for 64 percent of online transactions.
- The use of credit cards remains low for religious reasons, as Islam forbids the receipt or payment of interest. To combat this and infuse credit card penetration in the country, banks have started to offer a wider range of Sharia-compliant credit cards.

As a result, the use of payment cards is on rise, although they are mostly used for cash withdrawals at ATMs rather than making payments at merchant outlets.

- The popular payments methods are Visa, Mastercard, Mobiamo and OneCard.
- The major banks are National Commercial Bank, Al Rajhi Banking Corporation, Samba, Riyadh Bank, Banque Saudi Fransi, Saudi British Bank, Arab National Bank, Alawwal Bank and Alinma Bank.