

Bank of Iraq

Mapping the Role of ***FinTech in Iraq***

Exploring the Impact of Financial Technology on Economic Growth, Inclusion, and Innovation in a Transforming Economy

Introduction

The financial landscape in Iraq is undergoing a significant transformation, largely driven by the rise of Financial Technology (fintech). This study examines the evolving fintech industry in Iraq, focusing on its impact on various sectors, including payments, banking, and financial inclusion. This study provides a comprehensive overview of how fintech reshapes Iraq's economic ecosystem by mapping the current fintech landscape, identifying key challenges, and exploring future opportunities.

Background of Fintech Transformation in The Iraqi Banking System

The fintech sector in Iraq has seen considerable growth, fueled by governmental initiatives and increasing public acceptance of digital financial services. The Central Bank of Iraq has been instrumental in advancing this shift by promoting the adoption of digital infrastructure and encouraging the use of electronic payments. As the country transitions from cash-based transactions to digital payments, the fintech industry is becoming an integral part of Iraq's financial ecosystem.

Key Drivers of Fintech Growth in Iraq:

- **Government Initiatives and Regulations:** Government initiatives and supportive regulations have significantly driven the growth of Iraq's fintech sector. The Central Bank of Iraq (CBI) and Cabinet regulations have played a pivotal role by encouraging the expansion of digital payment infrastructure, including the deployment of more POS terminals

, ATMs, and online banking services. These efforts are central to the transition from cash-based to digital payments, a shift that is not only enhancing financial inclusion but also supporting broader economic growth in Iraq.

[Central Bank of Iraq, 2023](#)

- **Bank Adoption and Financial Inclusion:** A second key driver is the proactive role of banks in adopting this transition, following the directives of the CBI and Cabinet regulations. This has led to a marked increase in the number of bank accounts and payment cards. As of 2023, Iraq boasts over 12.5 million bank accounts and nearly 20 million bank cards, signaling a growing integration of Iraqis into the formal financial system. This expansion reflects the population's increasing acceptance of digital financial tools, further propelling the fintech sector's growth.

[Iraq Future Foundation, 2024](#)

- **Private Sector Collaboration:** The private sector's collaboration with banks to meet consumer needs has also been crucial in driving fintech growth. These companies have partnered with financial institutions to offer a range of digital services, aligning with the evolving demands of consumers. This partnership has contributed to a significant increase in electronic payment volumes, with April 2024 marking a milestone as the first month where electronic payments in Iraq reached 1.5 trillion Iraqi dinars—a 77% annual growth rate and a 10% monthly increase.

[Iraq Future Foundation, 2024](#)

Objectives of The Study

This study aims to provide a comprehensive overview of Iraq's fintech landscape, highlighting the role of fintech in supporting and transforming the financial sector. Key objectives include assessing the current fintech environment, examining the role of fintech in promoting financial inclusion and providing strategic insights for stakeholders.

- **Assess the Current Fintech Landscape:** Analyze key players, technologies, and market trends in Iraq's fintech sector.
- **Promote Financial Inclusion:** Evaluate how fintech is increasing access to financial services, especially in rural and conflict-affected areas.
- **Provide Strategic Insights:** Offer recommendations for stakeholders on navigating the evolving fintech landscape.
- **Identify Challenges and Barriers:** Highlight specific obstacles faced by fintech companies, such as regulatory and technological challenges.
- **Explore Opportunities for Growth:** Identify areas of growth and innovation within Iraq's fintech sector.
- **Evaluate the Impact on Traditional Financial Systems:** Examine how fintech is transforming traditional banking and financial services.

Methodology

In this study, a comprehensive approach was adopted to analyze the fintech landscape in Iraq,

incorporating a variety of data sources to provide a well-rounded view of the sector's growth and challenges. The methodologies used were carefully selected to ensure that the information presented is accurate, up-to-date, and reflective of the current state of the fintech industry in Iraq. This approach included both quantitative and qualitative data, drawing on a range of reliable sources to offer a detailed and insightful analysis.

The resources used in this study include:

- **Reports from the Central Bank of Iraq:** Key statistics and insights were drawn from official publications and data releases by the Central Bank of Iraq, including information on bank accounts, payment cards, and electronic payment volumes.
- **Financial Statements from Major Banks and Fintech Providers:** An analysis of financial documents from leading banks and fintech companies in Iraq provided critical data on the financial health and operational scale of these institutions.
- **News Sources:** Relevant news articles and reports were reviewed to gather context and understand the broader impact of fintech developments on the Iraqi economy.
- **Regulations and Policies:** The study included an examination of relevant regulations and government policies that affect the fintech sector, such as Cabinet Resolution No. (23044) of 2023, which mandates the expansion of electronic payment terminals.

Financial Services Offered by Fintech Providers in Iraq

To assess the digital services offered by banks and fintech companies in Iraq, it is essential to identify the specific services available and evaluate their presence across the country. This approach allows for a comprehensive understanding of the accessibility and impact of these services within the financial sector.

	Type	No.	Year
Electronic Payment Cards	Debit Cards	6,484,402	2023
	Credit Cards	126,491	2023
	Prepaid Cards	13,143,336	2023
ATM Services	ATM Machine	4,021	2023
POS Services	POS Devices	23,066	2023
Online Banking Services	Mobile Applications	58	2024



Mapping Key Areas: Banking and Fintech Companies

1. Central Bank of Iraq:

The Central Bank of Iraq (CBI) plays a crucial role as the primary regulator of the financial sector. It sets monetary policy to maintain price stability, issues banking licenses, and supervises financial institutions to ensure a sound and efficient financial system. Additionally, the CBI implements reforms aimed at strengthening the banking sector and promoting financial stability across Iraq.

2. Banks:

Banks in Iraq are financial institutions that provide a wide range of services, including accepting deposits, offering loans, and providing various digital financial products. The banking sector is divided into two main types: commercial banks and Islamic banks. Each of these types is further categorized into three groups: government-owned, privately-owned, and foreign banks. In this study, the presence of foreign banks is highlighted to showcase their role and influence within Iraq's banking sector.

2.1 Commercial Banks:

Government-Owned Banks:

Iraq has six government-owned commercial banks, with the oldest being the Agricultural Cooperative Bank, established in 1935. All are headquartered in Baghdad, with Al Rafidain Bank having the most extensive branch network of 167 branches across 15 provinces and 7 international branches. These banks offer a full range of digital services,

such as e- payment cards, online banking, ATMs, and POS devices, with Al Rafidain, Al Rasheed, and the Real Estate Bank (REB) partnering with electronic payment companies to enhance their offerings.

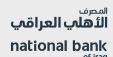


Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Rafidain Bank	1941	Baghdad	167	✓	✓	✓	✓
	Rasheed Bank	1988	Baghdad	162	✓	✓	✓	✓
	Agricultural Cooperative Bank	1935	Baghdad	34	✓	✓	✓	✓
	Trade Bank of Iraq	2004	Baghdad	27	✓	✓	✓	✓
	Industrial Bank	1941	Baghdad	17	✓	✓	✓	✓
	Real Estate Bank	1948	Baghdad	10	✓	✓	✓	✓

Privately-Owned Banks:

There are 24 privately-owned commercial banks in Iraq, with the oldest being the Bank of Baghdad, established in 1992. Twenty-two of these banks are headquartered in Baghdad, while two are based in Erbil. Al Warkaa Bank is the largest, with 120 branches across Iraq. 11 out of 24 banks are banned from trading in the US dollar currency. 21 out of 24 privately-owned commercial banks in Iraq issue e-payment cards, with 14 out of 24 banks providing ATMs, 6 offering POS devices for businesses, and 9 offering online banking applications to their customers.

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Middle East Iraqi Investment Bank	1993	Baghdad	15	✓	✓	✓	✓
	Commercial Bank of Iraq	1992	Baghdad	26	✓	✓	✗	✓

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Iraqi Investment Bank	1993	Baghdad	14	✓	✗	✗	✗
	Sumer Bank	1999	Baghdad	9	✓	✓	✗	✗
	United Investment Bank	1994	Baghdad	1	✓	✗	✗	✗
	National Bank of Iraq	1995	Baghdad	23	✓	✓	✗	✓
	Trans Iraq Bank	2006	Baghdad	2	✓	✗	✓	✗
	Real Estate Bank	1998	Baghdad	3	✓	✓	✗	✓
	Dar Al Salam Investment Bank	1999	Baghdad	Declared Bankruptcy	✗	✗	✗	✗
	Babylon Bank	1999	Baghdad	8	✓	✗	✗	✗
	Hammurabi Bank	2020	Baghdad	2	✓	✗	✓	✗
	Bank of Economy for Investment and Finance	1999	Baghdad	11	✓	✗	✗	✗
	Union Bank of Iraq	2004	Baghdad	12	✓	✓	✗	✗
	Erbil Bank	2010	Erbil	4	✓	✓	✓	✗
	North Bank for Finance and Investment	2004	Baghdad	Operations Suspended by ISC	✗	✗	✗	✗
	Ashur Bank	2005	Baghdad	11	✓	✓	✗	✗
	International Development Bank	2011	Baghdad	29	✓	✓	✗	✓

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Mansour Investment Bank	2006	Baghdad	8	✓	✓	✗	✗
	Al Huda Bank	2008	Baghdad	5	✓	✗	✗	✗
	Gulf Commercial Bank	2000	Baghdad	19	✓	✓	✓	✓
	Al Warkaa Bank	2000	Baghdad	Declared Bankruptcy	✗	✗	✗	✗
	Mosul Bank for Development and Investment	2001	Baghdad	8	✓	✓	✗	✓
	RT Bank	2007	Erbil	8	✓	✓	✓	✓
	Bank Of Baghdad	1992	Baghdad	35	✓	✓	✗	✓

Foreign Banks:

Iraq hosts 14 foreign commercial banks, with Bank Melli Iran being the oldest, established in 2005. Most of these banks have their headquarters in Baghdad, with only two operating in Erbil. Among them, 4 offer e-payment cards, and provide ATM machines, only Byblos Bank offers POS devices for businesses, and 6 foreign banks offer online banking applications to their customers. Additionally, 2 out of 14 banks are banned from trading in the US dollar currency.

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Jordan Bank	2022	Baghdad	1	✓	✓	✗	✓
	Byblos bank	2006	Baghdad	4	✓	✓	✓	✓
	Fransa bank	2014	Baghdad	1 (liquidation)	✗	✗	✗	✗
	Inter Continental Lebanon	2008	No branch (liquidation)	No branch (liquidation)	✗	✗	✗	✗

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Meab Bank	2014	Baghdad	1 (Under guardianship)	✗	✗	✗	✗
	Standard Chartered	2013	Baghdad	1	✗	✗	✗	✓
	Ziraat bank	2006	Baghdad	1	✓	✓	✗	✓
	Bank of Beirut and the Arab	2009	Erbil	3	✓	✓	✗	✓
	Bankmed	2012	Baghdad	1 (liquidation)	✗	✗	✗	✗
	Parsian Bank	2012	Baghdad	1 (Under guardianship)	✗	✗	✗	✗
	VAKIF	2011	Erbil	1 (liquidation)	✗	✗	✗	✗
	BLOM Bank	2014	No branch (liquidation)	No branch (liquidation)	✗	✗	✗	✗
	Is Bank	2011	Baghdad	2	✗	✗	✗	✓
	Bank Melli Iran	2005	No branch (liquidation)	11	✗	✗	✗	✗

2.2 Islamic Banks:

Government-Owned:

Iraq has one government-owned Islamic bank, Al Nahrain Islamic Bank, established in 2015. The bank has only two branches, both located in Baghdad. Al Nahrain Islamic Bank offers a full suite of digital services, including credit cards, ATMs, POS devices, and online banking applications.

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Nahrain Islamic Bank	2015	Baghdad	2	✓	✓	✓	✓

Privately-Owned:

Iraq has 30 privately owned Islamic banks, with the oldest being the Iraqi Islamic Bank, established in 1993. Most of these banks are headquartered in Baghdad, with only three based in Erbil. Al Taif Islamic Bank is the largest, with 22 branches across 14 provinces. Out of 30 banks, 26 offer e-payment cards, 18 provide ATMs, 8 offer POS devices for businesses, and 15 have online banking applications available to their customers. Additionally, 19 out of 30 banks are banned from trading in the US dollar currency.

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Elaf Islamic Bank	2001	Baghdad	14	✓	✓	✓	✓
	South Islamic Bank	2016	Baghdad	11	✓	✓	✓	✓
	Islamic World Bank	2016	Baghdad	14	✓	✓	✗	✗
	FIB	2020	Baghdad	4	✓	✓	✓	✓
	Iraqi Islamic Bank for Investment and Development	1993	Baghdad	15	✓	✓	✓	✓
	Cihan Bank for Investment and Islamic Finance	2008	Erbil	12	✓	✓	✓	✓
	Asia Al Iraq Islamic Bank	2018	Baghdad	5	✓	✗	✗	✗
	National Islamic Bank	2008	Baghdad	8	✓	✓	✗	✗
	International Iraqi Islamic Bank	2016	Baghdad	5	✓	✓	✗	✓
	Al Ansari Islamic Bank	2017	Baghdad	4	✓	✓	✗	✓
	Trust International Islamic Bank	2017	Baghdad	16	✓	✓	✓	✓
	The Islamic Cooperation Investment Bank	2007	Baghdad	1 (liquidation)	✗	✗	✗	✗

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Al Taif Islamic Bank	2018	Baghdad	22	✓	✓	✓	✓
	Al Rajeh Islamic Bank	2017	Baghdad	5	✓	✓	✗	✓
	Mashreq Islamic Bank مصرف المشرق العربي	2018	Baghdad	9	✓	✓	✗	✓
	Arab Islamic Bank المصرف العربي الإسلامي	2023	Baghdad	1	✗	✗	✗	✗
	Arabia Islamic Bank مصرف الامارات الإسلامية ARABIA ISLAMIC BANK	2016	Baghdad	4	✓	✓	✗	✗
	Al Ataa Islamic Bank	2006	Baghdad	4	✓	✗	✗	✗
	Al Qabidh Islamic Bank مصرف القابض الإسلامي للتأمين والاستثمار AL QABIDH ISLAMIC BANK FOR FINANCE AND INVESTMENT	2017	Baghdad	1	✓	✓	✗	✗
	Al-Wad Islamic Bank (formerly Al-Wefaq Islamic Bank)	2016	Baghdad	1	✗	✗	✗	✗
	Al-Nasik Islamic Bank مصرف النسيك الإسلامي للاستثمار والتمويل Al-Nasik Islamic Bank for Investment and Funding	2020	Baghdad	1	✓	✗	✗	✗
	Zain Iraq Islamic Bank	2016	Baghdad	4	✓	✗	✗	✗
	Al Sanam Islamic Bank مصرف السنام الإسلامي AL SANAM ISLAMIC BANK	2023	Baghdad	1	✓	✗	✗	✗
	Al Qurtas Islamic Bank مصرف القرتاس Al-Qurtas Bank	2016	Baghdad	5	✓	✓	✗	✓
	Al Mustashar Islamic Bank مصرف المستشار الإسلامي ALMUSTASHAR ISLAMIC BANK	2018	Baghdad	6	✓	✗	✗	✓
	Dijlah and Furat Bank مصرف دجلة والفرات السومية والاستثمار	2005	Baghdad	1	✗	✗	✗	✗
	Kurdistan International Islamic Bank	2005	Erbil	4	✓	✓	✗	✗

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Iraq Noor Islamic Bank	2016	Baghdad	4	✓	✗	✗	✓
	Amin Iraq Islamic Bank	2018	Baghdad	5	✓	✗	✗	✗
	Almai Islamic Bank	2018	Baghdad	2	✓	✓	✓	✗

Foreign Banks:

Iraq has two foreign Islamic banks. The oldest is Abu Dhabi Islamic Bank, which established its branch in 2010. Abu Dhabi Islamic Bank is headquartered in Baghdad, while Al Baraka Turkish Islamic Bank operates in Erbil. Both banks offer e-payment cards and online banking applications to their customers in Iraq. However, only Al Baraka Turkish Bank provides ATMs and POS devices.

Bank	Name	Founded Year	HQ	No. of Branches	E- Payment Cards	ATM	POS	Apps
	Al Baraka Turkish Islamic Bank	2011	Erbil	2	✓	✓	✓	✓
	Abu Dhabi Islamic Bank	2010	Baghdad	3	✓	✗	✗	✓

3. Fintech Companies

Fintech companies in Iraq are specialized entities that leverage technology to provide innovative financial services, playing a crucial role in modernizing the financial sector. These companies are categorized as government-owned, privately owned, or partially-government-owned, reflecting a diverse ownership structure that balances public and private interests. The key types of fintech companies in Iraq include Electronic Payment Companies, Mobile Payment Companies (Wallets), Deposit Insurance Companies, Finance Investment Companies, Loan Guarantee Companies, and SME Financing Companies, each contributing uniquely to the country's financial ecosystem.

3.1 Electronic Payment Companies:

The sector includes 12 privately-owned companies and one partially-government entity, Qi Card, offering services including prepaid cards, mobile apps, and POS devices.

Bank	Name	Founded Year	HQ	E- Payment Cards	ATM	POS	Apps
	Blue Pay	2020	Baghdad	✓	✗	✗	✓
	NEO	2018	Baghdad	✓	✗	✗	✓
	Switch	2016	Baghdad	✓	✗	✓	✓
	National Gateway Company for Electronic Payment and Financial Services Ltd.	2018	Baghdad	✓	✗	✗	✗
 tabadul	Tabadul	2021	Baghdad	✓	✗	✓	✓
	Areeba Company for Information Technologies and Electronic Payment	2019	Baghdad	✓	✗	✓	✓
	CSC Electronic Payment Company	2001	Unknown	✓	✗	✗	✗
	Amwal Electronic Banking Services Company	2018	Baghdad	✓	✗	✗	✓
	Al Saqi Company for Electronic Payment Services	Unknown	Baghdad	✓	✗	✓	✗
	Yanah Banking & Electronic Services Company	2018	Erbil	✓	✓	✓	✓
	Al Qassa Financial Services & Electronic Payment Limited Liability Company	Unknown	Najaf	✓	✗	✓	✓
	Arab Electronic Payment Company	2016	Baghdad	✓	✓	✓	✓
	Qi Card (International Smart Card Company)	2007	Baghdad	✓	✓	✓	✓

3.2 Mobile Payment Companies (e-Wallet):

There are four privately owned mobile payment companies in Iraq, with Asia Pay and Zain Cash, both established in 2015, being the oldest. These companies are based in different regions: Zain Cash in Baghdad, NassWallet and FastPay in Erbil, and Asia Pay in Sulaimaniya. All four companies provide financial services through their mobile applications, while only NassWallet and Zain Cash offer prepaid cards and POS services.

Bank	Name	Founded Year	HQ	E- Payment Cards	ATM	POS	Apps
	Asia Pay	2015	Sulaymaniyah	✗	✗	✗	✓
	Nass Wallet	2019	Erbil	✓	✗	✓	✓
	Zain Cash	2015	Baghdad	✓	✗	✓	✓
	FastPay	2017	Erbil	✗	✗	✗	✓

3.3 Other Financial Service Providers:

Currently, Iraq’s deposit insurance, finance investment, loan guarantee, and SME financing sectors do not provide digital services. The Iraqi Company for Deposit Insurance, established in 2016, is the only entity in its sector, while six privately-owned finance investment companies and a loan guarantee company, along with two SME financing companies, are all operational but offer limited online functionalities. Despite the current lack of digital services, there is significant potential for future development. For example, these companies could introduce online platforms for real-time insurance claims, investment management tools, digital loan applications, and advanced SME financing solutions, enhancing accessibility and operational efficiency.



Opportunities and Challenges

The analysis of Iraq's fintech sector reveals both significant opportunities and considerable challenges. The sector is expanding rapidly, driven by rising demand for digital financial services and government efforts to modernize the financial landscape. However, the growth is uneven: government-owned banks are leading in digital integration, privately-owned banks show varied progress, and foreign banks have limited digital presence.

Opportunities:

1. **Emerging Fintech Ecosystem:** Iraq has one government-owned Islamic bank, Al Nahrain Islamic Bank, established in 2015. The bank has only two branches, both located in Baghdad. Al Nahrain Islamic Bank offers a full suite of digital services, including credit cards, ATMs, POS devices, and online banking applications.
2. **Underutilized Sectors:** Key financial sectors, such as deposit insurance, finance investment, loan guarantees, and SME financing, remain largely untapped in terms of digital service offerings. These sectors present substantial opportunities for digital transformation, which could enhance financial inclusion and operational efficiency.

3. **Strategic Partnerships:** There is a significant opportunity for collaboration between government entities, traditional financial institutions, and fintech companies. By fostering public-private partnerships and investing in technology, stakeholders can overcome existing barriers and accelerate the growth of digital financial services.
4. **Regulatory Support:** The fintech sector stands to benefit from further development of the regulatory framework. Clearer guidelines, consumer protection measures, and incentives for digital innovation can create a more favorable environment for fintech companies to thrive.
5. **Capacity Building:** Enhancing digital literacy and financial awareness among consumers is crucial. Initiatives such as training programs and educational campaigns can improve engagement with digital financial tools, leading to increased adoption and utilization of fintech services.
6. **Cybersecurity:** As the sector grows, robust cybersecurity measures will be essential. Implementing strong security protocols and regulatory frameworks will protect consumer data, build trust, and encourage broader adoption of digital financial solutions.

Challenges:

1. **Limited Digital Adoption:** Despite growing interest, the adoption of digital services is limited by inadequate infrastructure, regulatory hurdles, and low digital literacy. Addressing these issues is crucial for unlocking the sector's full potential.
2. **Infrastructure Deficiencies:** Many financial sectors, including deposit insurance and loan guarantees, currently lack digital services. Addressing these deficiencies presents an opportunity to modernize these areas, driving further financial inclusion and operational efficiency.
3. **Financial Literacy:** A significant challenge is the general public's limited understanding of the financial system and available financial products. Improving financial literacy would likely increase demand for these services, which in turn could drive greater supply and innovation in the sector.





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Makers of Baghdad

Field Contact:

Sarah Luay

Community Manager

sara.luay@makersiq.org

Tel: +964772257067

HQ Contact:

Ali Taher

Managing Director

ali.ther@makersiq.org

Tel: +9647834915325