

Qoyod Reports

# Cash Flow in Saudi Arabia: Liquidity as the Lifeblood of Growth, and Digital Payments That Speed It Up

A data-driven report on cash flow in Saudi Arabia: the digital payments that speed up cash movement, the difference between profit and cash, the cash conversion cycle, and the liquidity trapped in working capital and how to free it.

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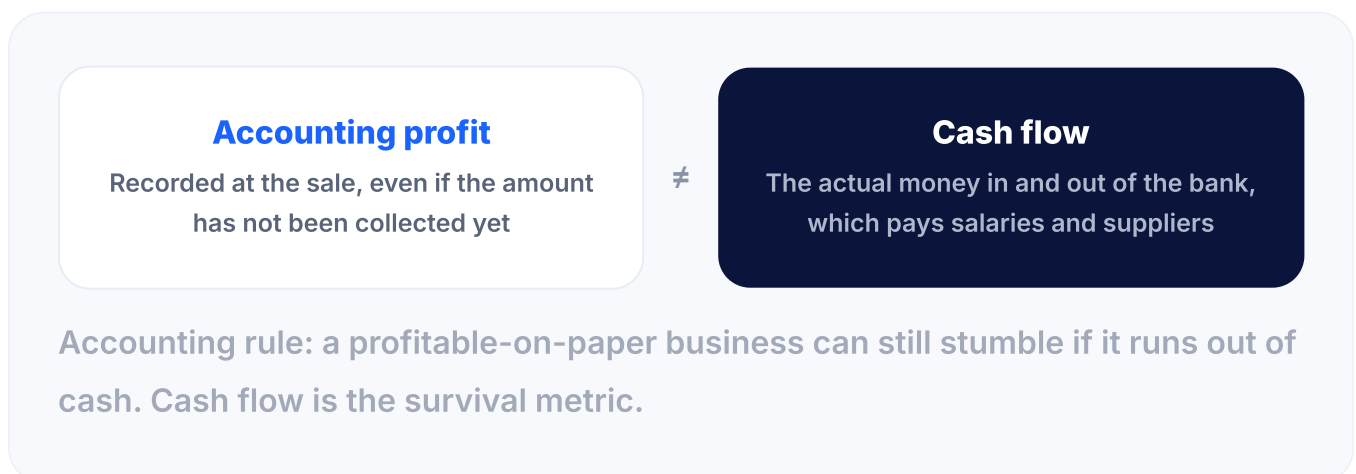
A business can be profitable on paper yet stumble in reality, because profit is an accounting figure while cash flow is the actual money that pays salaries, suppliers and tax on time. This report reads the liquidity landscape in Saudi Arabia by the numbers: how digital payments speed up cash movement, how much liquidity is trapped in working capital, and how a business can manage its cash flow with confidence.



## Profit is not cash

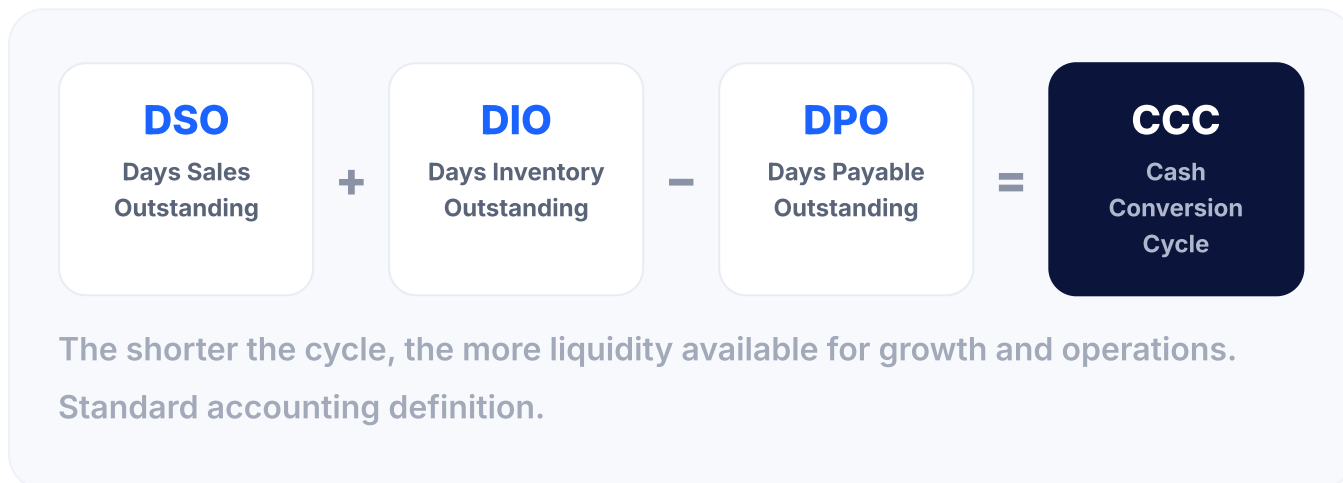
The most common misunderstanding in business management is confusing profit with cash. Profit is recorded the moment of the sale, even if the amount has not arrived yet, while cash flow is the actual money moving in and out of the bank. A business selling at an excellent margin may be unable to pay salaries if its sales stay suspended in uncollected receivables. That is why it is said that profit is an opinion, but cash is a fact.

Profit is not cash



The tool that measures liquidity health is the Cash Conversion Cycle (CCC): how many days money stays outside the business from buying inventory to collecting the sale. The shorter this cycle, the more liquidity is available for operations and growth.

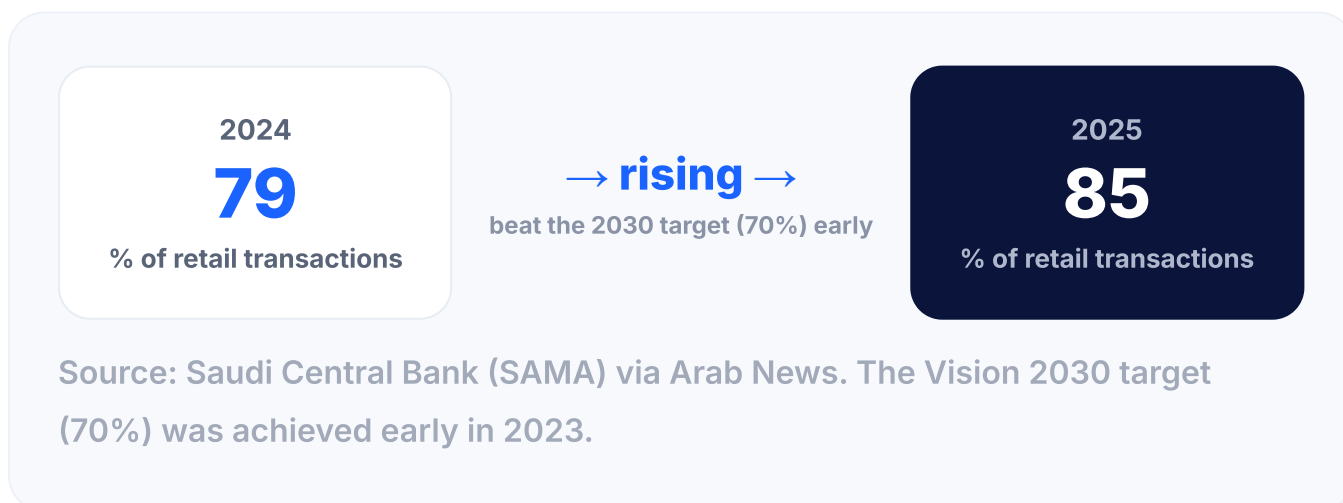
Cash conversion cycle: how long cash stays outside



## The Kingdom is speeding up cash digitally

One of the strongest drivers of cash flow in Saudi Arabia is the accelerating shift to digital payments. According to the Saudi Central Bank (SAMA), the share of electronic payments rose to 85% of total retail transactions in 2025, up from 79% in 2024, after the Kingdom beat Vision 2030's 70% target early in 2023.

Electronic payments speed up cash movement



The absolute figures are clearer: the number of electronic transactions reached about 14.6 billion in 2025 versus 12.6 billion in 2024. The SARIE instant payment system processed about 784 million transactions, up more than 32%, and the SADAD system about 373 million. Every instant digital transaction means cash that arrives faster and is recorded automatically, the essence of healthy cash flow.

Electronic transactions in Saudi Arabia, 2025

**14.6 billion**

electronic transactions in 2025 (vs 12.6 billion in 2024), meaning cash moves faster through the economy.

SARIE instant payments: 784 million (+32%)

SADAD: 373 million

Source: Saudi Central Bank (SAMA) via Arab News, 2025.

When payment shifts from cash and cheques to instant transfers, the distance between the sale and the arrival of the money shrinks. The speed of digital payment is, in essence, a direct improvement to cash flow.

## Trapped liquidity: an opportunity, not a burden

Despite faster payments, a large share of liquidity remains "trapped" in working capital: uncollected receivables, unsold inventory, and unsettled payment terms. PwC's Middle East Working Capital Study 2025 estimated that around \$54.7 billion of liquidity is trapped in listed regional companies, with an average collection period of 81.1 days. This is not a loss but liquidity that can be released through better management of collection, inventory and payables.

Liquidity that can be freed from working capital

**\$54.7 billion**

Working capital trapped in listed regional companies, releasable through better management of collection, inventory and payables.

Source: PwC Middle East Working Capital Study 2025 (FY2024 data). Average collection period 81.1 days.

## Liquidity tools within businesses' reach

Alongside internal management, liquidity financing tools have expanded in Saudi Arabia. SME financing reached about SAR 420.7 billion by the end of Q2 2025, up 37% year on year, with "invoice financing" a leading component because it turns uncollected receivables into instant liquidity. This is supported by the Kafalah program, which guarantees up to 80% of eligible financing.

Lever	Effect on cash flow
Speeding up collection (e-invoicing + reminders)	Shortens how long money stays outside the business
Digital and instant payments	Faster cash arrival and accurate automatic recording
Inventory management	Reducing idle stock frees up frozen liquidity
Negotiating payment terms	Aligning supplier payment dates with the collection cycle
Invoice financing and Kafalah	Temporarily bridges the liquidity gap without halting operations

The first condition for all of the above is visibility: you cannot manage what you cannot see. This is where the accounting system comes in. Qoyod, an Arabic cloud accounting system, shows your cash-flow statement, customer and supplier balances, receivables aging and financial reports in real time and compliant with e-invoicing, so you manage your liquidity on a number, not a guess.

## Outlook to 2030 and recommendations

As instant digital payments expand and business digitization deepens, cash movement is expected to accelerate further and the collection time gap to shrink gradually. Practical recommendations:

- Separate cash tracking from profit tracking, and monitor cash flow and the cash conversion cycle monthly.
- Adopt digital payments and e-invoicing to speed up cash arrival and document it automatically.
- Free up liquidity frozen in receivables and inventory before resorting to financing.
- Use invoice financing and Kafalah as a considered interim liquidity solution, not a substitute for disciplined management.

Cash flow is not just a line in the financial statements; it is the heartbeat of the business. Whoever manages it with clear visibility and digital tools turns liquidity from a constraint on growth into fuel for it.

## Sources

- 1 Saudi Central Bank (SAMA) via Arab News — electronic payment share, transaction volume, SARIE and SADAD (2025).
- 2 PwC — Middle East Working Capital Study 2025 (FY2024 data).
- 3 Saudi Central Bank (SAMA) via Arab News — SME financing through Q2 2025.
- 4 Kafalah SME financing guarantee program.

## **Manage your cash flow with Qoyod**

An Arabic cloud accounting system that shows your cash-flow statement, customer balances and receivables aging in real time, compliant with e-invoicing.

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