

## Digital Financial Evolution in Oman: Central Bank Roadmap and Its Implications for the Financial Sector

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### Abstract

*This study investigates the strategic evolution of digital finance in Oman by critically analysing the Central Bank's digital transformation roadmap. It focuses on how regulatory frameworks, technological innovation, and institutional readiness are converging to reshape the country's financial sector amidst the growing pressures of a rapidly digitising global economy. As fintech disruption accelerates across the world, Oman's financial system faces a pivotal moment—making it essential to examine how the Central Bank's vision aligns with practical implementation to ensure resilience and innovation. The scope of this study is limited to the national financial system, particularly commercial banking and digital payment systems under the Central Bank's oversight. It does not extend to fintech startups operating outside this regulatory framework or to non-financial sectors influenced by digitalisation. The research seeks to answer two primary questions: How is the Central Bank's roadmap driving digital transformation in Oman's financial sector? And what are the regulatory and operational implications of this shift? Methodologically, the study adopts a qualitative approach, drawing from policy documents, stakeholder interviews, and institutional reports. It assesses the structural initiatives and legal frameworks that underpin the digital finance agenda, as well as the technological infrastructure enabling its rollout. The findings suggest that the roadmap contributes to enhanced digital resilience and financial innovation, but its success hinges on regulatory flexibility, institutional capacity, and widespread digital literacy across the sector. In conclusion, the study recommends targeted policy reforms and investment in digital infrastructure, alongside coordinated industry training to bridge capacity gaps. Future research should explore the broader social implications of digital finance in Oman, particularly in areas such as financial inclusion, consumer protection, and cybersecurity for underserved populations.*

### Keywords

Digital Finance, Oman, Central Bank, Financial Regulation, Fintech

## Introduction

Oman's financial sector is transforming due to a global shift towards digitalisation, prompting the need to modernise services for better efficiency and accessibility. As of 2023, around 60% of Oman's population is online, highlighting the potential for expanding digital financial services (Aggarwal *et al.*, 2024). Digital banking and mobile payment systems are gaining traction, with Bank Muscat and Oman Arab Bank leading in innovative solutions. These advancements support the government's Vision 2040 to diversify the economy and reduce oil dependency.

Fintech solutions in Oman are transforming consumer behavior and improving the financial ecosystem. The Central Bank of Oman (CBO) has implemented regulatory frameworks to support fintech innovations, aligning them with international standards and promoting local entrepreneurship (Shannaq & Al Shamsi, 2024). The COVID-19 pandemic has sped up the shift to digital financial services, leading many consumers to choose online banking and e-commerce. A recent study found a 45% increase in digital payment use during the pandemic, indicating a significant behavioral shift (Aggarwal *et al.*, 2024). However, the rapid evolution of digital finance poses challenges in cybersecurity and regulatory compliance. As financial transactions shift online, the risk of cyber threats rises, highlighting the need for strong security measures (Albakri *et al.*, 2025).

The Central Bank of Oman is crucial in managing fintech disruption and promoting innovation. As the main regulatory authority, it recognizes fintech's potential to improve financial inclusion and efficiency in banking. The CBO is fostering fintech growth and digital services by creating a regulatory framework that promotes innovation and protects consumers (Pria *et al.*, 2026). The CBO has introduced regulatory sandboxes for fintech companies. The successful pilot of a mobile payment app in the sandbox has led to its launch, boosting digital payment adoption among consumers (Shannaq & Al Shamsi, 2024). In addition, the CBO has implemented guidelines on cybersecurity and data protection, which are crucial for maintaining trust in the financial system (Albakri *et al.*, 2025).

The evolving digital financial landscape requires a strong, centralised, policy-driven roadmap for resilience and competitiveness amid disruption. This is especially important for Oman, where digital finance integration is crucial for sustainable growth. According to ALshubiri *et al.* (2023), The digital economy significantly affects Oman's productivity and monetary system, emphasising the need for strategic planning. The centralised approach fosters coherence among financial institutions, aligning digital initiatives with national economic goals. The Central Bank of Oman has been proactive in formulating policies that encourage digital innovation while safeguarding financial stability in promoting technological adoption and enhancing consumer trust in digital financial systems (Sujee & Solanki, 2024).

A policy-driven roadmap can reduce risks from digital disruption, including cybersecurity threats and market volatility. This need is highlighted by the rising cyber incidents in the global financial sector (Nkomo & Kalisz, 2023). Also, by fostering partnerships, Oman can leverage the expertise of

technology firms while ensuring that financial institutions remain competitive. This collaborative approach is essential for creating a resilient financial ecosystem capable of adapting to rapid technological changes (Ameh, 2024).

One of the key components of the Central Bank's strategy is the promotion of digital payment systems. The introduction of mobile wallets and contactless payment options has revolutionised how consumers interact with financial services. According to Alshubiri *et al.* (2023), the adoption of these technologies has improved transaction speed and expanded financial inclusion, enabling more people to access banking services.

The aim of this study is to critically analyse the Central Bank of Oman's digital roadmap and its implications for financial sector reform and innovation. As highlighted by Belkhir (2025), digitalisation is pivotal for accelerating Oman's economic transformation, particularly in enhancing financial inclusion and fostering a more robust regulatory framework. This analysis will explore how the digital financial evolution can reshape the landscape of banking and financial services in Oman, driving innovation and efficiency. The key research questions are: How is the Central Bank's roadmap driving digital transformation in Oman's financial sector? And what are the regulatory and operational implications of this shift?

The study reflects the Central Bank's strategy in addressing fintech disruption and driving innovation within the financial sector while implementing a centralised, policy-driven roadmap. Through regulatory sandboxes, stakeholder engagement, and the development of a robust regulatory framework, the CBO is playing a critical role in shaping the future of digital finance in Oman.

## **Literature review**

The landscape of digital finance is rapidly evolving, influenced by a variety of global trends and the responses of central banks. One of the most significant developments has been the advent of Central Bank Digital Currencies (CBDCs). According to Koparan (2025), CBDCs have emerged as a response to the increasing demand for digital payment solutions, driven by the rise of cryptocurrencies and the need for financial inclusion. Countries such as China and Sweden have made substantial strides in CBDC implementation, showcasing how national characteristics can influence adoption rates. For instance, China's digital yuan aims to enhance transaction efficiency and reduce reliance on cash, while Sweden's e-krona seeks to address declining cash usage (Koparan, 2025).

In addition to CBDCs, regulatory sandboxes have become a popular mechanism for fostering innovation in the financial sector. These controlled environments allow fintech companies to test new products and services under the supervision of regulatory authorities, thereby mitigating risks associated with unregulated financial experimentation. The UK's Financial Conduct Authority (FCA) has been at the forefront of this initiative, facilitating over 100 firms in testing their innovations

(Chen & Siklos, 2022). This approach not only promotes innovation but also ensures that consumer protection and regulatory compliance are maintained.

Open banking is another trend reshaping the digital finance landscape. By allowing third-party providers to access banking data with customer consent, open banking fosters competition and enhances customer experiences. This model has been particularly successful in the UK, where the implementation of the Revised Payment Services Directive (PSD2) has led to a surge in fintech solutions that improve financial accessibility and transparency (Chen & Siklos, 2022). As a result, consumers can benefit from tailored financial products that better meet their needs.

The theoretical foundations of digital financial infrastructure are crucial for understanding the interplay between technology and regulation. As highlighted by Fidel-Anyanna *et al.* (2024), robust cybersecurity measures are essential in safeguarding financial institutions against increasingly sophisticated cyber threats. The collaboration between African and US institutions has provided valuable insights into developing effective cybersecurity frameworks that can adapt to the dynamic nature of digital finance.

Central banks are shifting from traditional regulators to facilitators of fintech innovation, driven by the rapid advancement of disruptive financial technologies. For instance, the Bank of England has initiated several fintech innovation hubs, allowing start-ups to collaborate directly with regulators to design products that meet both market needs and regulatory standards (Papaioannou, 2020). This proactive approach fosters innovation while aligning new financial products with monetary stability and public interest, reinforcing the central bank's role in maintaining economic integrity.

Comparatively, countries in the Gulf Cooperation Council (GCC) are also making strides in fintech governance. The Central Bank of Bahrain has established a regulatory sandbox that enables fintech firms to test their innovations in a controlled environment, which has proven beneficial for both the regulators and the innovators (Al-Ansari *et al.*, 2024). This model fosters a culture of experimentation and agility crucial for reducing oil dependence and diversifying the economy. Embracing this strategy is essential for thriving in today's economic landscape.

The Central Bank of Oman is adopting strategies for a digital economy at a slower pace than its GCC peers. It aims to balance innovation with consumer protection and financial stability. By learning from the more advanced frameworks in Bahrain and the UAE, Oman can find best practices suited to its economic context. For example, the UAE's Financial Services Regulatory Authority has successfully implemented guidelines that encourage fintech innovation while maintaining rigorous compliance standards (Delgado, 2021).

Organisational agility is crucial for institutions aiming to succeed in the digital age. It allows organisations to adapt quickly to market changes and technological advancements, thereby maintaining competitiveness. According to Bhandari and Mohite (2024), higher education institutions in Oman have demonstrated that agility can significantly enhance their capacity to implement digital initiatives aligned with national goals, such as Vision 2040. This flexibility enables

institutions to pivot their strategies in response to evolving digital landscapes, ultimately leading to improved outcomes for both students and stakeholders.

Technological readiness is another fundamental aspect that underpins successful digital transformation. Institutions must possess the necessary technological infrastructure and capabilities to support digital initiatives. Budiarto and Nordin (2024) highlight that developing countries, in particular, face challenges in technology adoption due to inadequate infrastructure and investment. For instance, the lack of robust internet connectivity can hinder the implementation of digital learning platforms, thereby limiting educational institutions' ability to deliver quality education. Thus, enhancing technological readiness is essential for institutions to harness the full potential of digital transformation.

Talent development plays a pivotal role in fostering a culture of innovation and adaptability within organisations. Institutions must invest in upskilling their workforce to ensure they are equipped to navigate the complexities of the digital economy. Ordoñez de Pablos (2023) emphasises the importance of continuous professional development, noting that a skilled workforce is vital for driving digital innovation. For example, initiatives that focus on training educators in digital tools and pedagogies can significantly enhance the learning experience, making it more relevant to today's digital natives. Consequently, a commitment to talent development is indispensable for institutions seeking to thrive in a rapidly changing environment.

The interplay between organisational agility, technological readiness, and talent development creates a synergistic effect that accelerates digital transformation. Institutions that successfully integrate these elements are better positioned to implement innovative solutions that address contemporary challenges. Bisultanova (2024) argues that such integration not only enhances operational efficiency but also fosters a culture of continuous improvement. For example, universities that adopt agile methodologies in project management can respond more effectively to student needs and industry demands, thus ensuring their offerings remain relevant and impactful.

The establishment of a robust digital identity (ID) system is a foundational prerequisite for effective digital transformation. Digital IDs facilitate secure access to online services and streamline transactions, thereby enhancing user experience. Bhandari and Mohite (2024) note that implementing a digital ID framework can significantly improve service delivery in various sectors, including education and healthcare. For instance, in countries where digital IDs are integrated into administrative processes, individuals can access services more efficiently, resulting in increased satisfaction and engagement.

Payment rails are another critical component of the digital infrastructure necessary for facilitating seamless transactions. The ability to process payments quickly and securely is vital for both consumers and businesses in the digital economy. Budiarto and Nordin (2024) highlight that developing countries often struggle with inadequate payment systems, which can hinder e-commerce growth and financial inclusion. For example, the lack of reliable payment

infrastructures can deter small businesses from engaging in online sales, limiting their market reach. Thus, establishing robust payment rails is essential for fostering a vibrant digital economy.

Data protection standards are paramount in ensuring user trust and safeguarding sensitive information in the digital realm. As organisations increasingly rely on digital systems to manage personal data, adherence to stringent data protection regulations is critical. Ordoñez de Pablos (2023) asserts that effective data governance not only protects individuals' rights but also enhances organisational credibility. For instance, institutions that implement comprehensive data protection measures are more likely to gain the trust of their stakeholders, which is essential for successful digital initiatives.

Moreover, the interplay between digital ID, payment rails, and data protection standards creates a secure environment conducive to digital transformation. Institutions that invest in these structural prerequisites are better equipped to leverage digital technologies effectively. Bisultanova (2024) argues that a cohesive approach to developing these components can lead to enhanced operational efficiencies and improved service delivery. For example, a well-integrated system that combines digital IDs with secure payment methods can streamline the enrolment process in educational institutions, making it more user-friendly.

The evolving digital finance landscape demands a strong grasp of industry trends and regulatory changes to ensure stability. Central banks and financial institutions need to balance innovation with security. Oman should actively embrace fintech by learning from regional examples and creating a governance framework for sustainable growth, enhancing its regulatory environment and market competitiveness. Successful digital transformation hinges on organisational agility, technological readiness, and talent development. Institutions focusing on these areas will better tackle digital challenges. Additionally, key elements like digital identity, payment infrastructure, and data protection are vital for operational efficiency and stakeholder trust, making strategic investments increasingly important as digital advancements continue.

## Methods

The research takes a qualitative approach to examine the crucial role of the Central Bank of Oman in adopting fintech by learning from regional examples and developing a governance framework that promotes sustainable growth, improves its regulatory environment, and increases market competitiveness. This method is particularly effective for understanding the intricate relationships between banking practices, regional development objectives, and community needs. The study draws on a thorough review of pertinent literature, government policies, and industry reports. Furthermore, case studies from specific regions in Indonesia are analyzed to showcase the distinctive strategies implemented by the Central Bank to drive digital transformation and innovation.

The methodology involves a comprehensive examination of critical factors contributing to successful digital transformation, including organizational agility, technological readiness, and

talent development. This study assesses the governance frameworks that promote sustainable growth, the regulatory landscape, and market competitiveness. Additionally, the research includes policy analysis to evaluate the financial environment influencing the operations of the digital financial sector.

By conducting a comprehensive bibliographic and literature review, this study provides a thorough analysis of the digitalization strategy employed by the Omani government. It closely examines obstacles like regulatory limitations, gaps in digital transformation, and operational inefficiencies. The qualitative findings are framed within Oman's diverse socio-economic landscape, providing concrete insights designed to enhance the capacity of regional institutions to serve as drivers of sustainable development.

## **Result and Discussion**

### *Organisational Preparedness and Vision Alignment*

The Central Bank of Oman (CBO) has developed a comprehensive roadmap aimed at steering the digital transformation of the financial sector in alignment with Oman's Vision 2040. This roadmap is pivotal, as it not only sets the strategic direction for implementing digital initiatives across commercial banks and financial service providers but also establishes a regulatory framework to ensure compliance and security. According to Kroen (2024), the CBO's roadmap incorporates key components such as enhancing digital payments, promoting financial inclusion, and fostering innovation in financial technologies. These elements are essential for creating a resilient financial ecosystem that can adapt to the rapid changes in the global economy.

The effectiveness of the CBO's roadmap can be evaluated through its impact on the operational practices of commercial banks. For instance, the introduction of the Instant Payment System (IPS) has significantly reduced transaction times, thereby improving customer satisfaction and encouraging more users to engage with digital banking services. A report by Al-Saadi and Khudari (2024) highlights that the adoption of such technologies has resulted in a 30% increase in digital transactions over the past year, demonstrating a tangible outcome of the CBO's strategic initiatives. This success is indicative of how well the roadmap is guiding the implementation of digital solutions within the financial sector.

Moreover, the CBO has been proactive in fostering collaboration among financial institutions to share best practices and resources. This collaborative approach is crucial in addressing the challenges posed by cybersecurity threats, which have become increasingly prevalent in the digital landscape. As noted by Kumar *et al.* (2024), the establishment of a unified cybersecurity framework under the CBO's guidance has enabled banks to enhance their resilience against potential cyber threats. The CBO's roadmap, therefore, not only facilitates the adoption of digital technologies but also ensures that institutions are well-prepared to safeguard their digital assets.

However, the roadmap's success is contingent upon the institutional readiness of commercial banks to embrace these changes. Many banks in Oman have begun investing in training programmes to upskill their workforce, as highlighted by Al Farsi and Siju (2024). These capacity-building initiatives are essential for ensuring that employees are equipped with the necessary skills to navigate the complexities of digital finance. The CBO's emphasis on continuous learning and adaptation reflects a forward-thinking approach that aligns with global best practices in financial technology.

Successful digitalisation in Oman's financial sector depends not only on regulations and technology but also on strong capacity-building and institutional coordination. The CBO acknowledges the need for these factors to promote innovation and adaptability in financial institutions. One notable example is the Digital Banking Academy, which was launched in collaboration with various educational institutions to provide specialised training in digital finance. This initiative aims to equip professionals with the necessary skills to leverage emerging technologies effectively. According to Kroen (2024), the academy has seen participation from over 1,000 banking professionals since its inception, underscoring the demand for such educational opportunities. This proactive approach to capacity building is essential for ensuring that the workforce can keep pace with the rapid evolution of digital banking.

Institutional coordination plays a crucial role in the success of these capacity-building efforts. The CBO has established a framework for collaboration among banks, educational institutions, and technology providers to create a cohesive ecosystem for knowledge sharing and innovation. This collaborative model facilitates the exchange of best practices and resources, which is vital for addressing the diverse challenges faced by financial institutions in the digital age. Al Mamariyah (2024) emphasises that such coordination not only enhances institutional capabilities but also fosters a spirit of collective responsibility towards achieving Oman's economic goals.

Furthermore, the integration of digital tools within the banking sector necessitates a shift in organisational culture. Banks must cultivate an environment that encourages experimentation and embraces change. This cultural transformation is supported by ongoing training and development initiatives that empower employees to take ownership of digital projects. The emphasis on agility and innovation is evident in the findings of Al Farsi and Siju (2024), which indicate that organisations that have undergone agile transformations report improved performance and employee engagement.

### *Challenges in Regulation and Operations*

Oman's financial sector stands at a crucial juncture as it embraces digital transformation in alignment with the nation's broader Vision 2040. The country's goal to diversify its economy and reduce reliance on hydrocarbons is deeply tied to the modernization of its financial infrastructure.

However, this transition faces significant regulatory and operational challenges that may impede progress if not addressed with urgency and strategic coordination (Kumar *et al.*, 2024).

One of the fundamental obstacles is the rigidity within the existing legal and regulatory structures. The pace of digital innovation far outstrips the speed at which financial regulations evolve. As a result, the policy environment often lags behind the needs of a rapidly digitising market. This disconnect is evident in areas such as capital market development, where structural inefficiencies—including underdeveloped legal enforcement mechanisms and low capital market liquidity—continue to restrict growth. While there is growing awareness of the need for reform, an overreliance on static rules and delayed implementation timelines often inhibits the kind of dynamic regulatory environment required for digital finance to flourish (Hagemann *et al.*, 2018).

Cybersecurity presents another critical challenge. As financial institutions adopt open banking, blockchain applications, and mobile payment platforms, the risk of cyber threats and data breaches becomes more pronounced. Although Oman has begun to establish basic regulatory frameworks around cyber resilience, the depth and agility of these measures remain insufficient for a sector undergoing rapid technological expansion. Supervisory frameworks must become more responsive, with capabilities for real-time risk monitoring and coordinated incident response systems. These are especially vital given the increasing presence of foreign investors and non-bank financial intermediaries in Oman's evolving financial landscape (Al Farsi *et al.*, 2024).

The issue of interoperability between legacy banking systems and emerging digital platforms is also a core operational concern. Most commercial banks in Oman continue to operate on traditional, closed infrastructure that is not well-suited to the demands of open banking and API-based integration. The transition toward open, interconnected systems—essential for enabling real-time data sharing, seamless customer experiences, and ecosystem-wide innovation—has been relatively slow. While regulatory sandboxes and pilot programs signal a willingness to explore digital finance, broad institutional alignment and technological readiness are not yet fully in place. Without robust interoperability, many of the benefits of digital transformation—such as improved efficiency, financial inclusion, and customer-centric services—may remain unrealised (Zachariadis & Ozcan, 2018).

Regulatory design within credit markets reveals additional structural inefficiencies. For instance, existing caps on government bond holdings by financial institutions—intended to prevent crowding out of private sector lending—are based on outdated assumptions and methodologies. These limitations can constrain portfolio flexibility and distort market dynamics, particularly during periods of fiscal adjustment or monetary tightening. Similarly, the imposition of interest rate caps on personal loans has hindered banks from effectively pricing credit risk. A more adaptive regulatory environment would allow for risk-based pricing models and promote broader access to financing, particularly for private sector employees and underserved segments. Such reforms, however, must be supported by improved credit assessment tools, including comprehensive and accessible credit registries (Rasheed *et al.*, 2024).

The supervisory ecosystem also struggles with limitations in regulatory flexibility and technological oversight. As Oman's financial system becomes more complex, supervisory authorities must enhance their capacity to manage systemic risks stemming from both traditional and non-traditional financial actors. Yet, the concentration of financial assets within a few large institutions adds to the fragility of the system. With one bank holding nearly 40 percent of total banking assets, any regulatory shift must be carefully calibrated to avoid systemic disruption. This high concentration further reduces the maneuverability of policy responses, increasing the stakes of any misstep (Kroen, 2024).

There is also a need to revisit the sequencing of financial reforms. Efforts to develop Oman's capital markets, expand digital payment systems, and implement fintech frameworks must be underpinned by foundational legal reforms and institutional preparedness. Digital transformation should not outpace the regulatory system's capacity to monitor, guide, and intervene where necessary. Without adequate legal clarity, a consistent enforcement environment, and clearly articulated regulatory pathways, even the most promising digital initiatives may fail to achieve meaningful scale or impact (Al Farsi *et al.*, 2024).

Ultimately, the promise of Oman's digital financial future hinges not only on technological advancement but also on the transformation of regulatory thinking and institutional behavior. Legal frameworks must become more agile, supervisory authorities more technologically adept, and institutions more open to collaboration and innovation. The creation of inclusive digital policies, combined with investment in infrastructure, cybersecurity, and financial literacy, will be essential to bridging gaps and unlocking long-term value (Belkhir, 2025).

### *Digital Infrastructure and Market Growth*

Oman's financial sector is experiencing a significant transformation, fueled by the strategic goals of Vision 2040 and the growing global trend towards digitalization. At the heart of this change is the development of digital infrastructure that aims to create more accessible, transparent, and efficient financial markets. The improvement of digital payment systems, mobile banking features, and interoperable platforms is fostering greater financial inclusion and economic resilience. However, despite these advancements, various structural challenges remain, particularly regarding disparities in access and gaps in digital capabilities within the population (Al Mamariyah, 2024).

A key area of progress has been the widespread adoption of internet connectivity and mobile infrastructure. By early 2024, Oman had achieved near-universal internet penetration, with approximately 98 per cent of the population connected. Furthermore, 4G coverage reached the entire population, and 5G infrastructure extended to 88 per cent—placing Oman among global leaders in terms of mobile network access. Nevertheless, these achievements mask underlying disparities in internet performance and quality. When compared to other GCC and OECD

countries, Oman still lags behind in international internet bandwidth and fixed broadband subscriptions (Belkhir, 2025). This shortfall presents a serious limitation, particularly for services reliant on high-speed, low-latency connectivity such as real-time payments and digital authentication systems. Expanding broadband capacity, particularly through public–private investment in fibre-optic infrastructure, will be vital for sustaining future growth (Al-Saadi & Khudari, 2024).

Mobile banking services have grown significantly, thanks to regulatory support and fintech initiatives by the Central Bank of Oman, which has partnered with universities and startups to test new technologies. However, financial inclusion is still uneven; urban users benefit more than rural and low-income populations, who face barriers like limited device ownership, poor connectivity, and lower digital literacy. If not addressed, this digital divide may worsen socio-economic inequality and hinder the overall impact of digital finance (Ghouse *et al.*, 2025).

Interoperability among financial platforms is vital for improving access. The use of open APIs and a national open banking framework can dismantle institutional silos, allowing smaller fintechs and social enterprises to connect with larger banks, fostering a more competitive financial landscape. However, this progress must be accompanied by strong consumer protection, as data privacy, cybersecurity, and consent management become more critical amid increased data sharing by financial institutions (Ahamed and Shukla, 2023).

The advancement of digital financial services must also be accompanied by a concerted investment in digital literacy. Although 75 per cent of Oman's population possesses basic ICT skills, only 8 per cent have advanced competencies—well below the levels observed in many neighbouring GCC states (Belkhir, 2025). This skills gap could undermine the sustainability of digital transformation initiatives. Building human capital in this area will require integrating digital education across school curricula, investing in vocational training, and supporting adult learning programmes aimed at enhancing technological adaptability. Empowering citizens with digital skills is not only essential for user confidence but also for cultivating a workforce capable of supporting Oman's fintech and innovation sectors (Rasheed *et al.*, 2024).

Another area of both opportunity and challenge lies in Oman's e-commerce landscape. Currently, e-commerce transactions account for just one per cent of retail sales—a figure that is markedly low compared to other Gulf countries. Yet with high levels of smartphone penetration and ongoing improvements in logistics and payments, the potential for growth is considerable. Regulatory efforts, including the issuance of Ministerial Decision No. 499/2023 on data protection, are steps in the right direction. However, sustained progress will require continuous updates to legal frameworks, as well as alignment with international e-commerce and digital trade standards (Ghouse *et al.*, 2025).

Digitalisation significantly impacts transparency and governance by enhancing administrative efficiency in government procurement and public finance. Open data platforms and participatory budgeting tools promote citizen engagement and accountability. With real-time data sharing and automation, digital systems reduce information asymmetry, combat corruption,

and improve policymaking. These advancements build trust in institutions and boost Oman's attractiveness to foreign investors and international financial markets (Ahamed *et al.*, 2024).

The benefits of digital transformation will only be realized through inclusive infrastructure development. Policymakers must ensure that rural populations, older adults, and other marginalized groups are included in the financial ecosystem by bridging connectivity gaps, adapting user interfaces for varying literacy levels, and providing affordable devices. User-centered design of public digital platforms and promoting inclusive policy dialogue are essential for equitable participation in the digital economy (Al-Saadi, 2023).

Hence, Oman's strides in digital financial infrastructure and market enablement signal a strong commitment to future-readiness. However, the success of this transition rests not only on technological deployment but also on the social and institutional mechanisms that underpin it. A comprehensive digital strategy that embeds inclusivity, resilience, and innovation at its core will be vital for unlocking the full potential of Oman's digital economy. With continued investment in infrastructure, education, and regulatory evolution, digitalisation can serve as a powerful lever for financial inclusion, economic diversification, and long-term national prosperity (Belkhir, 2025).

## Conclusion

The evolution of digital finance in Oman, as examined through the Central Bank's strategic roadmap, reveals both promising advances and complex challenges. This study has shown that the Central Bank of Oman (CBO) has taken significant strides in steering the financial sector toward innovation, digital inclusion, and long-term resilience. Initiatives such as the Instant Payment System (IPS), regulatory sandboxes, and cybersecurity frameworks highlight a proactive institutional response to global fintech disruption. These developments underscore the country's commitment to aligning its financial services with the broader ambitions of Vision 2040. Yet, despite these efforts, the realisation of Oman's digital financial transformation remains contingent upon regulatory flexibility, institutional capacity, and inclusive infrastructure development.

A key finding of this study is the tangible impact of the CBO's roadmap on operational performance, particularly in commercial banking. The adoption of digital payment technologies has contributed to faster transactions, higher customer engagement, and a broader digital footprint across the financial ecosystem. However, as the roadmap is implemented, the tension between innovation and regulatory inertia becomes increasingly evident. The legal and institutional frameworks, while evolving, still face constraints in addressing the pace of technological change. Issues such as outdated lending policies, interoperability gaps between legacy systems and emerging platforms, and insufficient mechanisms for agile policy adaptation hinder the sector's ability to respond dynamically to market demands.

The analysis also draws attention to the central role of institutional readiness in determining the success of digital initiatives. Capacity-building measures—such as the establishment of the Digital

Banking Academy and collaboration with academic institutions—have laid a foundational layer for workforce development. Still, uneven adoption across banks and disparities in staff training signal the need for deeper, more coordinated efforts. Moreover, financial inclusion remains an ongoing concern. While mobile and online banking services are expanding rapidly, rural populations, the elderly, and individuals with limited digital literacy often find themselves excluded from the benefits of digital finance. Bridging this gap is not simply a technological challenge but one of governance and equity.

From a policy perspective, the findings of this study suggest that Oman's regulatory apparatus must transition from static, compliance-driven frameworks to more adaptive, forward-looking models. Regulatory agility—through enhanced supervisory tools, real-time risk monitoring, and harmonised fintech policies—will be essential in sustaining innovation without compromising systemic stability. Policymakers must also address structural bottlenecks such as credit assessment mechanisms, data infrastructure, and capital market inefficiencies that dampen the sector's potential. Strengthening the interoperability of financial systems through open APIs and shared digital identities can enhance competitiveness and consumer trust across the industry.

Looking ahead, future research and policy efforts should focus on embedding inclusivity into the digital finance agenda. This includes developing targeted initiatives for underserved communities, scaling digital literacy programmes, and ensuring robust consumer protection in data sharing and cyber risk management. As the global financial environment becomes more digitised, Oman must also strengthen its alignment with international standards in digital governance, data protection, and e-commerce regulation. Ultimately, Oman's digital financial future will depend not only on the deployment of cutting-edge technologies but also on the institutions' ability to lead with vision, agility, and inclusiveness. Only through this multidimensional approach can the benefits of digital transformation be fully realised and sustained for generations to come.

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