



**Arab American University
Faculty of Graduate Studies**

**The Impact of Financial technology Companies on the
performance and profitability of Financial Institutions
in Palestine**

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**This thesis is submitted in partial fulfillment of the
requirements for master's Program in Strategic
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Thesis Approval

The Impact of Financial Technology Companies on the Performance And Profitability Financial Institutions In Palestine

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This Thesis was defended successfully on 2022/10/12 and approved by:

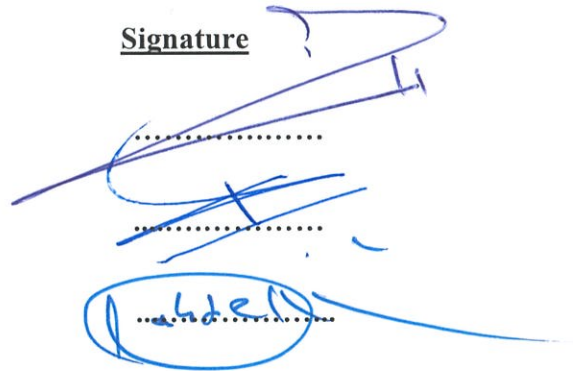
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الإهداء

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إلى الثغور الباسمة في حياتي..

إلى أستاذي الفاضل الذي كان بمثابة الأب المعلم د. اياد يعقوب
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Declaration

I, the undersigned, **AlBaraa Alqam**, acknowledge that I have been accepted into the Program for the Master's degree in International Law and Diplomacy.

Therefore, I release the Arab American University from any responsibility that may arise from my failure to meet the admission requirements for the Master's program in International Law and Diplomacy.

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Date: 2022/10/12

List of Abbreviations

FinTech	Financial Technology
AI	Artificial intelligence
PMA	Palestinian Monetary Authority
P2P	Peer-to-Peer
ATM	Automated teller machine
POS	Point Of Sales
BM	Business Model
AIB	Arab Islamic bank
AB	Arab bank
BOP	Bank Of Palestine
PIB	Palestine Islamic Bank
PIBC	Palestine Investment Banking Services
P2P	Peer to Peer
TNB	The National Bank

Abstract'

The aim of the study is to effectively determine The Impact of Financial technology Companies on the performance and profitability of Financial Institutions in Palestine The current era is evolving rapidly under the influence of digital technology. Digital technology is playing a vital role in improving the financial sector around the world. This study aims to discuss the impact of fintech companies on financial institutions in Palestine. The study identified the relationship between financial institutions and fintech companies as well as their future scope. It is unknown how financial inclusion (FI) affects bank profitability, despite the fact that there is research showing that FI has positive consequences on both the economy and society. We carried out a dynamic panel study in Palestine, gathering data from 11 different banks and financial institutions so that we could investigate the link between financial inclusion and the success of the banking industry there. In addition to this, we analysed revenue metrics with the help of two different econometric models over the course of nine years. The generalised method of moments estimator in addition to linear regression models were both utilised by our team. According to the results of the study, the profitability of banks is affected by a variety of factors, including the standard of the products offered, the availability of automated teller machines and physical bank branches, and the efficiency with which customers' needs are met. Despite this, there is not much of an impact that POS terminals have on revenue. Additionally, metrics such as account use and the proportion of loans extended to small and medium-sized businesses have a negligible effect on the profitability of banks. It was found that the ratios of liquidity, cost to income, and nonperforming loans are the most significant bank-specific predictors of profitability. Nonperforming loan ratios were also

found to be significant. It is imperative that the authorities in Palestine give financial institutions the attention and priority they deserve by enacting policies that encourage ethical lending practices. The study will employ the thematic analysis technique on qualitative data. In the first step, semi-structured interviews would be conducted with experienced representatives of some selected financial institutions in Palestine. Then in the second step, the thematic analysis will be performed on the data collected through interviews. Thematic analysis will be carried out using NVivo software. Finally, the study concluded in its most important results that lending institutions are the most affected by financial technology companies, as the study targeted a sample of five banks and two lending institutions, and the study recommended the importance of developing the technological environment or investing in existing financial technology companies. the conclusions will be drawn on the impact of FinTech companies on Financial Institutions in Palestine.

Keywords: FinTech, Collaboration, challenges, Banks, microfinance, E-services, E-payments, Safety, banking system

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Chapter 1: Introduction

1.1 Background

The current era is evolving rapidly under the influence of digital technology. Digital technology is playing a vital role in improving the financial sector around the world. In the early 2000, digital technology was applied to financial institutions for the first time. Fintech companies are using digital technology for financial services, which is the demand of the current era. The rapid growth of fintech has fascinated attention from all regions of the world. Generally, Fintech is a combination of finance and technology that offers financial services using digital technology. Fintech got immense popularity in the last decade. Financial Stability Board (2017) defined FinTech as “technologically-enabled financial innovation that results in new business applications, models, products or processes with a connected material effect on financial institutions and markets and the establishment of financial services”

The key to Fintech is providing financial services using technology (Thakor, 2019). According to (Dranev, 2019), fintech is the wide use of technology in the areas of finance which includes front end-user products, competition between existing players and new entrants in the financial market, and cryptocurrencies such as ethereum, bitcoin, etc. The main investors of the fintech companies are financial institutions. They are directly connected with each other that develop from competition to significant cooperation. Bbeing a base of the financial system, the financial institutions are constantly restructuring the ways that they are providing financial services to their customers. This fintech system allows financial institutions to cross geographical boundaries and develop an effective credit system. FinTech companies started operations in Palestine in the year

2019 and are expected to grow rapidly, as this is the core requirement of the current era. Various fintech companies are working in Palestine, some of the significant companies include Receet, CashMe, ECONOMIES, etc. This study aims to discuss the impact of fintech companies on financial institutions in Palestine.

Technology advancements have resulted in massive and quick transformations around the world. Data exchange and word-of-mouth Internet and digital media (ICT) have extensive influence on all elements of human existence, but particularly on the material, relational, and experiential components. Thus, information and communication technology (ICT) have become the fundamental economic engine of a country (Acharya and Naqvi, 2012). Information and communication technologies (ICT) enable the world to evolve and adapt to its new environment, offering an increasing challenge to governments throughout the world. In recent years, information and communication technology (ICT) has developed and expanded to facilitate the generation of economic value (Abu Daqar, Arqawi, and Abu Karsh, 2021). The emergence of the FinTech model during the fourth industrial revolution has enabled users to utilise mobile banking apps to get access to financial services, as well as to save and borrow money. These advances provide an opportunity to increase economic growth and financial inclusion in general. Numerous studies investigated the influence of FinTech and (ICT) on the development of both developed and developing economies (Aghion and Bolton, 1992). Since the 2008 financial crisis, economic and financial authorities have given increased attention to the issue of financial inclusion and the supply of financial services to varied socioeconomic categories, particularly marginalised and targeted populations. In 2022, the Palestine Monetary Authority (PMA) reported that over 62% of the global population does not use banks. This problem has ramifications for social stability, political stability, financial growth,

economic development, and financial consumer system protection (Buchak et al, 2017). Therefore, monetary and economic authorities have made financial inclusion a priority. Because they lack bank accounts, 67 percent of Palestinians over the age of sixteen lack access to the formal financial system. 44% of the population does not have access to official financial services, and 33.6% gets no financial help formal or informal. Therefore, the fundamental objective of this research is to investigate the influence of FinTech solutions on the economic growth of Palestine (Dranev, Frolova and Ochirova, 2019).

1.2 Research Problem

Currently, the fintech industry is in the process of development in Palestine. It will take some time to get this industry mature. As financial technology companies in Palestine are considered modern and experienced in this field, they were established after the emergence of the Corona virus, meaning that most of them were launched after 2020, financial institutions in Palestine are working in a conventional way. Since the implementation of digital technology in financial institutions is the demand of the current era. It is necessary for financial institutions to have software that helps them develop their digitalization. This study is focusing on finding the significance, implications, and benefits associated with the application of fintech in financial institutions as well as fintech companies' impact on Palestinian financial institutes. One of the developments of the fourth industrial revolution was the creation of the FinTech model, which enables customers to have access to financial services and save and borrow money by opening mobile accounts that are easier and less expensive to complete than traditional bank accounts. These shifts provide an opportunity to broaden access to financial services and stimulate international development. Financial inclusion, or the ease with which people

from various socioeconomic backgrounds may get access to and make use of financial services, has recently gained widespread attention. The social and political stability, financial growth, economic development, and consumer protection in the financial sector are all impacted by this issue. In 2022, 62% of the world's population did not use banks, according to data from the Palestine Monetary Authority (PMA). As a result, financial inclusion has become an important objective for fiscal, monetary, and economic policymakers. And 67 percent of Palestinians over 16 don't use or have access to formal banking. . Governments have made it a priority in recent years to integrate historically "unbanked" groups into the mainstream banking system (Abdeljawad *et al.*, 2020).

It has been shown that a lack of access to financial resources inhibits both economic progress and the battle against poverty. People in economies with low levels of development have difficulty saving, engaging in viable economic ventures, and adapting to unpredictability. The Palestinian economy is dominated by the service sector and significantly dependent on foreign aid. However, the financial sector seems to be stable (Awwad and El Khoury 2021). Palestine's financial institutions are still in their infancy, with just 17 banks and 232 locations. One is a global bank, nine are Arab banks, and seven are Palestinian banks (Abugamea, 2018). The entire balance sheet of Palestinian banks exceeds their market value by more than two to one. However, the performance of Palestinian banks has been uncertain during the last five years. It is crucial to analyse factors that increase the efficiency of this sector in order to improve management and policy implementation, which ultimately contributes to the growth of the country's market.

1.3 Research Question

Following are the research questions of this study:

- a) What is the effect of financial technology (FinTech) companies on financial institutions in Palestine?
- b) What is relationship between financial institutions and the fintech companies in Palestine?
- c) What are the technological procedures, processes, applications, and software used by financial technology companies and what is their impact on financial institutions?

1.4 Research Objectives

This study aims to analyze the impact of fintech companies on financial institutions in Palestine. Some other objectives of the study are:

- To evaluate an effect of financial technology (FinTech) companies on financial institutions in Palestine
- To assess the idea that the financial institutions planning helps to protect the existence as financial service providers with the establishment of the fintech industry in Palestine
- To identify the kind of relationship exists between financial institutions and the fintech companies in Palestine

1.5 Importance of Study

The importance of the financial industry and its catalytic role in economic growth has become a global concern after several previous financial crises or after Corona and their negative effects, and how it revealed the importance of contactless payment or completion of banking operations without the need to leave the house. In addition, this importance

has shifted to banks and financial institutions, which will be affected if they do not develop technology and their technological infrastructure and related software. The importance of this study comes because of its impact on the development of the financial system and alerting the importance of technological progress in the Palestinian banking sector on.

This study also notes the importance of the features offered by financial technology and its subsequent impact on the banking sector in terms of transferring funds regardless of time and place, managing risks, extracting information through computerized reports to support decision-making, addressing the problem of asymmetric information, and facilitating the payment system.

On the academic level, this study is one of the few studies that dealt with the reality of financial technology in Palestine, and therefore it is considered important to familiarize himself with the results and recommendations that came out to students interested in topics related to it

The importance of this study stems primarily from the fact that it is a study that sheds light on a new and strong competitor for banks and what services will be competed for. It also reveals the real ability of the ability of financial technology companies to compete and obtain a market share from banks and then completely occupy the banking market later. The importance of this study is growing. In being one of the few studies dealing with the Palestinian market in this particular field, which is the field of financial technology.

There are a number of reasons Palestine ecosystem is so exceptional. This study has the potential to increase our understanding of corporate governance in developing countries by applying agency theory to industrial and service organisations in Palestine is still

considered to be a developing country, the findings may be extrapolated to a significant number of other developing countries that share comparable political, cultural, environmental, and economic features (Alatrash, 2018); 2017).

1.6 Research Hypothesis

The study has been evaluating the importance of FinTech development in Palestine however, the study has been considered as significant in both academic and practical perspective. With regards to practical perspective, the companies would be able to know that how FinTech have improved finance for small and medium sized businesses while the students will be able to know the benefits of FinTech.

H1: There is significant effect of financial technology companies on Palestinian banking institutions.

H0: There is insignificant effect of financial technology companies on Palestinian banking institutions.

H2: There is significant effect of cooperation between financial technology companies and financial institutions in Palestine

H0: There is insignificant effect of cooperation between financial technology companies and financial institutions in Palestine.

H3: There is a positive impact of financial technology companies on Palestinian lending institutions specialized in microfinance.

H0: There is a negative impact of financial technology companies on Palestinian lending institutions specialized in microfinance.

H4: There is significant effect because banks and lending institutions have high quality protection systems.

H0: There is insignificant effect because banks and lending institutions have high quality protection systems.

1.7 Research Gap

The researcher had a bird's-eye perspective of the most serious concerns affecting customers because of the nature of his profession; yet, he determined that these firms had a visible influence after analysing the relevant earlier studies. Because of this gap in knowledge, the researcher decided to investigate the consequences that these companies had. Financial institutions such as banks and insurance companies are in the front of the development of financial technology. There is an accumulation of data to imply that financial services enhance existing financial systems and contribute to the expansion, effectiveness, and profitability of existing financial institutions (Abu Daqar *et al.*, 2021). The government stands to reap a significant amount of benefit if there is a decrease in the wealth gap at the national level as a result of their being more economic activity locally. As a result, firms that deal in financial technology are not very good at discussing Palestine's success.

1.8 Dimensions of Research

There is a fundamental change in the traditional financial institutions, as there is an attempt to develop a framework for financial technology by linking it to finance in a digital form, that is, without the need for physical presence, and this is what was proposed (Jumper *et al.*, 2017), where the study identified the dimensions of financial technology in terms of digital finance business from and related technologies or software used on the other.

For example, in the first dimension, it was reported (Jumper and others, 2017) p. 553 that there are jobs offered by financial technology companies that intersect in one way or another with banking operations provided by traditional banks, namely financing, investment, electronic payment and insurance, as it clearly indicates that they share and compete with them in these operations or businesses. Another dimension, which is related to the concepts of modern digitization, and here we update about financing, but in a digital form that guarantees complete confidentiality, security and safety at the same time without the trouble of effort or attendance in person. As for the third and final dimension, it indicates that traditional institutions are in the process of adopting new technologies to be more innovative, in While fintech startups face the crown of high bureaucracy in completing banking transactions

Chapter 2: Literature Review

2.1. Conceptual Framework

2.1.1 Financial Technology

Fintech is defined also as twenty-first century's financial products. The recent growth in mobile programs and website usage amongst individuals has indicated to Fintech's integration in the worldwide finance market. Using computer-based technology, fintech development has revolutionized the financial services business (Abu Daqaret al., 2020). FinTech is tend to be software, mobile applications, and other technologies that complement and automate conventional forms of finance for organisations and people. A financial technology solution might range from a simple mobile payment application to a complicated blockchain network with encrypted transaction storage (Al-Hila *et al.*, 2017).Fintech has revolutionized the way economic services are offered in terms of speed, efficiency, and cost. FinTech can be defined as products or services in financial service organisations that are predicated on exceptionally creative and disruptive service technologies."

2.1.2 Financial Technology Companies

The term "fintech" describes the method by which financial service providers leverage technology to improve the accessibility and convenience of their offerings. It does what it's supposed to do, which is to make these businesses' products easier to sell to new customers. Thus companies that are effectively working for the development of the technologies are considered as financial technologies .

2.1.3 Company Performance

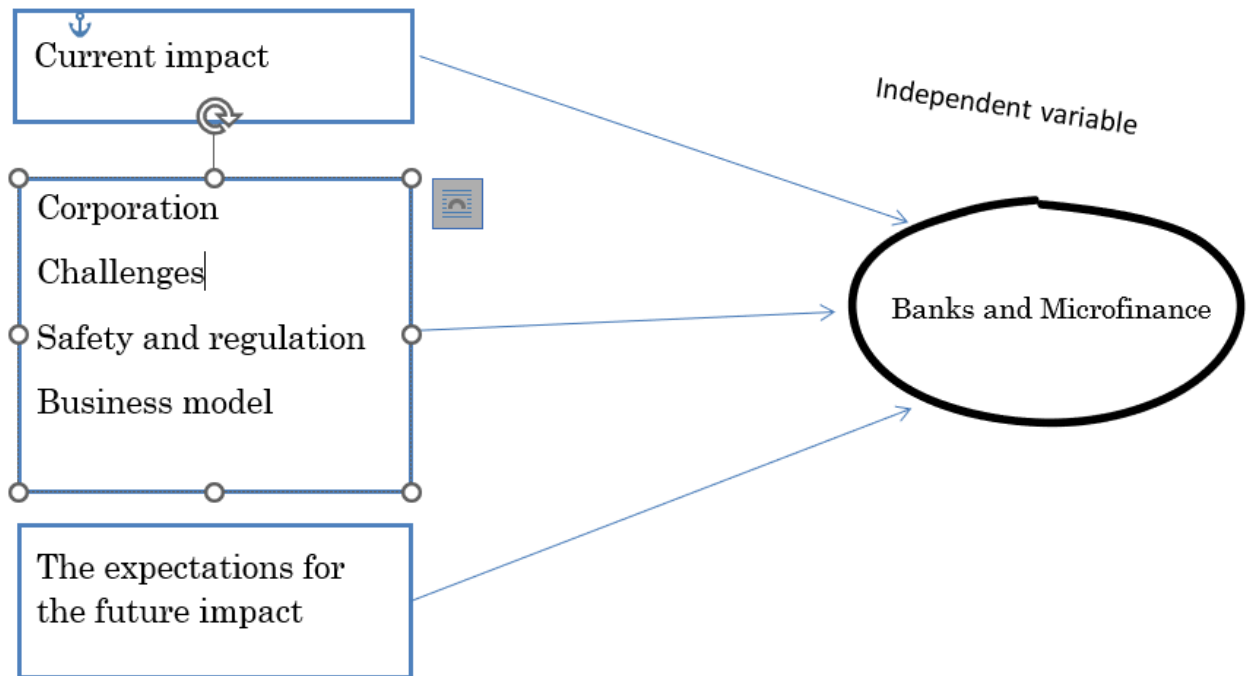
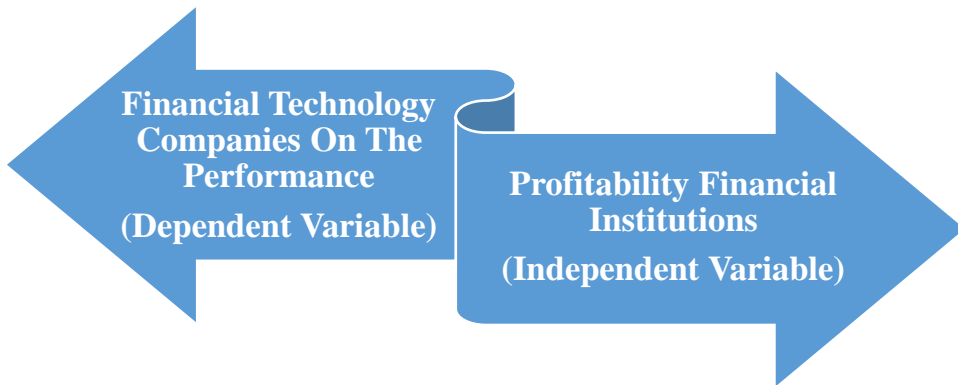
Actual output or results are compared to expected outputs, planned outcomes, or intended goals and objectives of a company. After a project or programme has concluded, an company's success is determined by how successfully it accomplished its goals. There are three categories of business outcomes that impact the success of a firm. Results in terms of product sales, market share, etc.; returns to shareholders based on financial profits, asset returns, investment returns, etc. The notion of organisational efficiency embraces a broader scope of ideas.

2.1.4. Financial Institutions

A financial institution is an organisation that takes deposits, provides loans, invests capital, and trades currency (FI). Banks, trust companies, insurance providers, brokerage houses, and investment dealers are all examples of financial institutions (Alatrash, 2018). In today's economy, almost everyone has occasional or continuous banking needs.

2.1.5. Profitability

An essential indicator of a business's profitability is the ratio of its total income to its total operating expenses. Businesses that have a ratio of their earnings to their costs that is higher will have better financial results than businesses that have a ratio that is lower.



2.2. Previous Studies

The impact of Fintech on financial institutions has gained immense popularity in the current era. Various studies have been done on the application of fintech and its impact on different areas. Researchers in this finance field have started paying attention to the fintech implications in professional life. Since in Palestine the fintech industry has been a neglected area with respect to its implications in financial institutions. It is noticeable and important to admit and highlight that an effort to gather a body of literature on fintech companies and financial institutions, will be unable to acquire single academic writing. There is plenty of literature available on fintech companies, but those scholarly articles also miss the other sectors, which are abundant in this broad fintech industry (Folwarski 2020).

Fintech comprises five major areas which include payments and infrastructure, risk management and financial operations, monetization and data security, customer/user interface, and investment and finance. The finance industry is in the process of continuous change with various technological, economic, demographic, and economic factors. According to Capgemini, (2016), the finance industry is perceiving fast expansion in innovations through the value chain, thus making it further fragmented. Fintech is considered a game-changer for the finance industry, especially in promoting risk-sharing finance (Lajis, 2017). Liberti and Petersen (2018) states in their studies that Fintech can transfer soft data information into hard data information, improve processing speed, promote the constant improvement of lending transactions, and transfer the information easier and efficient.

An innovation in financial services in which technology enabled financial solutions are the major enabler of "FinTech.", These four companies have the majority of market share

in the FinTech industry: Startups in the financial technology business, traditional financial institutions, seasoned suppliers of ICT, and anybody else with an interest in the financial services infrastructure are all welcome to attend. Palestine's traditional banks and other financial institutions, schools, firms that specialise in information technology, and business incubators are just some of the numerous types of organisations that contribute to the country's thriving FinTech ecosystem. Innovative methods and goods might be of considerable advantage to companies operating in the banking industry, the financial services industry, and the fintech industry. Investing in financial technology solutions provides businesses with new opportunities to improve existing procedures, reach previously unachievable levels of corporate efficiency, provide a more individualised experience for their customers, and reduce their overall long-term overhead costs. The potential for these technologies to reduce costs while simultaneously improving opportunity identification and compliance. Businesses that are open to and able to make use of emerging technology will be successful. To efficiently manage organisation, stay in compliance with regulations, and get insights, will need cutting-edge solutions that can handle the data that is now accessible.

The majority of the time, it has been suggested in this field's research, fintech companies do not fully adhere to financial laws and engage in regulatory arbitrage using preexisting legal exemptions, which could ultimately threaten the stability of the financial system (Vuini, 2020). Since financial stability directly affects economic growth, experts have looked at the danger of default as well as the conditions at financial institutions that could subsequently result in a financial disorder (Diamond and Rajan, 2012). The systematic risk could rise along with the fintech industry' greater connectivity with financial institutions (BIS, 2017) Additionally, according to other studies, if a fintech company

wants to join any industry, it must overcome various obstacles, such as laws and other roadblocks and entering to this market hard (Holotiuk,2019).

The majority of the interactions between fintech startups and financial institutions are related to the software development of these companies. More methodically, the software's value is adjusted to meet consumer needs. Hornuf et al. (2020) looked into the characteristics of financial institutions that are related to their interactions with fintech startups. They gathered data from the biggest banks in France, Canada, the UK, and Germany and presented a glaring example of how financial institutions are more willing to associate with fintech firms when they adopt a clear digital strategy. Furthermore, they noted in their analysis that financial institutions mostly fund start-up fintech businesses. When they need services connected to products, they typically work with large fintech companies.. Phan et al. (2020) examine 41 Indonesian banks in their research and explore that fintech companies those predict the performance of financial institutions negatively. He asserted that fintech businesses can offer financial institutions more effective and affordable services. Additionally, fintech firms have created a number of applications that boost the efficiency of cross-border financial services. These services include digital data and information management, mobile applications, automated asset management, and electronic payment services. 2016's Villeroy de Galhau. Financial institutions are most likely to absorb the advances made by fintech companies, but it will take time for them to do so because many of them are still using outdated IT infrastructure (Hannan and McDowell, 1984) Another study speaks in general terms and came to the conclusion that merging FinTech companies with traditional banks and financial institutions will open up a wide range of options. institutions' ability to operate efficiently, cut expenses, and foster competition that benefits everyone and, in turn, raises consumer satisfaction levels.

Financial inclusion as a global ensemble emphasizes the similarities and alignments between activities across many locations without assuming a specific course of action (i.e., North to South). Additionally, it acknowledges the specific practices that change across time and place. In addition to recognizing the influence of more recent governance practices that originated in the UK and US, this is helpful for understanding financial inclusion policies and practices in the global South as part of longer-term political economic practices of colonialism and development (e.g., Mitchell 2002; Elyachar 2005; Guyer 2016; Bernards forthcoming) (which re-inscribe a neo-colonial relation). In addition to this geographic conceptualization, the Global Congress drew attention to the creation of specific types of financial entities (Hall 2011) and the unequal power relations that made them contested entities (Mader 2018). Regarding subjectivity, Schwittay (2011) notes that coercion is often used to recruit people to participate in financial inclusion practices and services. This underscores how acutely aware people are of the ways inclusivity itself can diminish power. Forced inclusion thus reveals the power relations that underlie the global structure of financial inclusion (Donovan and Park, 2019). From a stronger perspective, this relationship is discussed further in the next paragraph. It is worth noting that the "everyday"/"poor" subjects forced into financial inclusion are neither passive nor silent objects. By engaging in practices of rejection, modification, resistance, adoption, and use, these individuals also constitute a rallying point for financial inclusion. Numerous studies have documented negative impacts of financial inclusion, including substantial increases in debt and increased poverty (Park and Giron 2019). High-quality research supporting the introduction of financial inclusion policies has been heavily criticized (while other research has argued that poverty must be addressed in other ways – as has been argued elsewhere), These conclusions call on

policymakers to "review their financial and policy underpinnings of financial inclusion, push for stronger evidence of development and poverty impacts, and give greater consideration to alternative interventions for inclusive development". However, financial exclusion persists, increasingly in the form of a poverty premium, whereby the poor have to pay more for goods and services because of lower purchasing power or lack of access to certain financial services (Donovan and Park, 2019; Prabhakar, 2021). The challenge thus also comes in the form of a call for "critical" financial inclusion to revive this concept (Prabhakar 2021). These authors advocate for policies and practices that make financial decision-making more democratic and equitable by including those who are marginalized and/or exposed to predatory practices in decisions about how to change finance. Finally, a further discussion of the practical implications of the critique of financial inclusion

Financial inclusion is defined as the global structure formed by the intersection of different regions, issues and contested power relations. While referring to the temporal dimension of financial inclusion, the paper complements the theory of financial inclusion by locating them as a specific type of committed relationship to the future in which their commitment has material force. There is a great deal of work examining how governments, development agencies, and most importantly, ordinary people's own financial practices shape and "unlock" the future (Guyer 2016). Existing literature clearly shows that financial inclusion practices were shaped in the past, present, and future. Mader (2018) provides a detailed explanation linking current financial inclusion processes to past practices and policies. The harmful effects of financial inclusion build on, replicate and amplify more established forms of violence, including colonialism, racism and gender inequality. While there is room for further empirical work in this area, the concept of global assembly can explain the intersection of ongoing historical heritage

and more recent dynamics, as assembly is understood as dynamic and always in the process evoking a sense of nature and experience's concern. Now itself is being transformed by new financial technologies that enable not only mobile but increasingly "real-time" forms of interaction, monitoring and governance, distributing knowledge asymmetrically (HARKER, Gabor and Brooks, 2017 year).

While new technologies have made users and their behavior increasingly understandable to fintech providers, the algorithms behind these technologies have struggled to escape scrutiny, often through legal protections of proprietary knowledge. Thus, these algorithms actively shape people's futures through their predictive assumptions. The process of constructing them seeks to promote certain futures by actively excluding other possibilities. These arguments resonate with the theory of debt as a means of managing the future, neutralizing the potential for new types of relations and reducing the future to a reproduction of current power relations (Lazzarato 2015). Financial inclusion continues to emerge in the form of debt ties, a critique that is highly relevant. The Palestinian National Financial Inclusion Strategy was unveiled at a ceremony at the Ramallah Palace of Culture on December 2, 2018. The event is organized by the Palestinian Monetary Authority (PMA) and the Palestinian Capital Markets Authority (PCMA), which jointly lead the National Council for Financial Inclusion (hereafter: the National Council). Participants included key Palestinian and international dignitaries representing organizations supporting the promotion of financial inclusion in Palestine and the development of a national strategy. These participants spoke about the need for financial inclusion in Palestine and praised the implementation of the strategy. The launch included two panels focusing on financial inclusion for women and small businesses, a screening of a short documentary and what PMA (2018a) called an 'art show'. A promotional video summarizing all these events was subsequently published on the PMA's Facebook page (PMA 2020, annual

report). In many ways, the event, co-designed by international players and readable by external audiences, embodies the national strategy itself. The National Strategy (2018 PMA Report) defines financial inclusion as accessing and using financial products and services to meet needs at all levels of society in a timely and affordable manner. This allows you to make informed financial decisions.

Financial inclusion is used by high-profile global advocates and key global advocates (Gabor and Brooks 2017). The World Bank (2020) states on its website that financial inclusion means that individuals and businesses have access to useful and convenient financial products and services that meet their needs - payments savings loans and insurance transactions - provided in a responsible and sustainable manner. The vision of the 2018 Pathway National Strategy is a developed financial sector that fully meets the economic needs of all segments of Palestinian society to improve their well-being by reiterating the broader claim that financial inclusion will promote prosperity reduce poverty and ensure financial stability. Benefits for All (World Bank 2020) Yet despite the clear implications of the global debate both the launch program and the country strategy note the context-specific approach to initiating financial inclusion in Palestine. Includes commentary from Alliance for Financial Inclusion (AFI) CEO Alfred Hunnig on the importance of immigrants and their exclusion from the formal financial system.

Economic inclusion is defined as a global assemblage formed by subject geographies of intersecting and contested power relations. While recognizing the temporal dimension of financial inclusion this paper adds to the theory of financial inclusion by having a certain kind of optimistic relationship with a future that has material power in its promise. There is much work that examines how the economic policies of governments development agencies and especially ordinary people shape and shape the future (Guyer 2016).

Today's nature and experience is being changed not only by mobile asymmetric distribution of knowledge but also through new financial technologies that further enable real-time interactive monitoring and (autonomous) governance. While new technologies make it easier for fintech providers to read users and their behavior the algorithms underlying these technologies often escape scrutiny due to legal protection of proprietary knowledge. This argument resonates with the theory of debt as a means of governing the future by neutralizing the possibility of new kinds of relations and reducing the future to the reproduction of existing power relations. Many forms of financial involvement persist in the form of debt relationships. This criticism is very important. Technology makes us hesitate before accepting dystopian interpretations of the future. Not specifically written about financial inclusion research by Ash and colleagues (Ash et al. 2018) on digital interfaces for high-end buying/selling and short-term loans in the UK suggests that technology systems and their users interact with each other..

Technological systems that promise financial inclusion are designed to manage an uncertain future and find it strangely complex. The creation of vulnerability-friendly savings and insurance products has been proposed as a way to help poor consumers cope with the inherent volatility and vulnerability of their lives (Schwittay 2011). Managing uncertainty involves reducing the probability/risk of some outcomes and increasing the (future) probability of others. This future dimension is therefore an important part of financial inclusion. How a loan handles a promise. As James (2015) suggests about debt research in South Africa is this aspect of the IOU important because it affects people's hopes for a better (future) life and also helps explain why people do things that seem harmful to outsiders? Additional debt with high interest rates when you have trouble paying off existing debt. A promise of a better life or an unfulfilled promise can be an

important way of living with uncertainty (Berlant 2011). Because the future prospects of financial inclusion are shaping the present in different ways. Social participation is an important part of practice where the idea is socially plural and politically challenging (Komporozos-Athanassiou 2020).

2.3. The Impact of FinTech on the Financial Institution in Palestine

Technological advancement prompted changes in macroeconomics and the emergence of new financial technologies as a major aspect of the growth of financial markets is directly attributable to good financial management and the use of digital technology. Despite the fast rise of the financial technology industry and the growing use of the term "fintech" in recent years, an agreement on a specific definition has not yet emerged. A business strategy that implements innovative technology and concepts inside the financial services industry (Alhelou *et al.*, 2017). Examples of such cutting-edge sectors include crowdfunding, online funds, online insurance, e-wallets, online loans, P2P platforms, digital, mobile payments and transfers, etc. Fintech 3.0 evolved in reaction to the 2008 global financial crisis, when financial institutions transitioned to less capital-intensive business models that represented current market realities. The resulting market equilibrium encouraged the emergence of new fintech companies as leaders in the financial services industry. Fintech is characterised by fast digital revolutions fueled by the expansion of robotization, artificial intelligence, and other cutting-edge technology (Anon, n.d.). The continuing financial crisis has revealed significant vulnerabilities and supervision deficiencies in the banking industry. As part of its norm-setting responsibilities, the Financial Stability Board conducts a continuous, exhaustive review of the global financial regulatory environment. The crisis highlighted unreliable systems

of collecting and reporting risk information in the banking industry. Due to ATM cards fitted with smart chips, the inadvertent loss of cash has been dramatically minimised. The chip is now equipped with EMV technology. Payment method to make a transaction, you will require a unique password. Since the code may only be used once per transaction, the code cannot be utilised by the thief, even if it is stolen. Bankers routinely advise clients to memorise their PINs in order to save time and effort. Banks try to offer consumers with the best degree of protection possible and are always on the lookout for innovative methods to prevent fraud and theft. Since it uses the same PIN for all transactions, magnetic stripe technology is more susceptible to fraud than smart chip technology. Biometric sensors are one of fintech's contributions to the banking industry. Iris scanners and biometric sensors are two examples of recent advances in ATM technology (Awwad and El Khoury, 2021).

Each user will be able to access their own account without the need for a password, so making ATMs more secure than ever before. The biometric ATMs identify the account holder via the use of integrated mobile applications, fingerprint sensors, palm and eye recognition. ATMs also employ micro-veins to increase identification accuracy and security, which reduces the risk of an identification mistake happening. The Monetary Control Act (MCA) was enacted in 1980 with the primary objective of promoting competition between the Federal Reserve and private sector payment service providers in order to ensure an efficient national payment system.

The Automated Clearing House, all computerised interbank payments were completed swiftly (ACH). Electronic payments include insurance premiums, social security, income, dividends, bills, and mortgage direct debits. According to the study literature, banks in Palestine are driven by the same variables as those in the rest of the globe. Using a

customised adoption framework to study the characteristics that predict Palestinian bank customers' usage of online banking services, researchers discovered that the institution's technical leadership was the most significant factor. In the case of Islamic banks in Palestine, studies indicate that client loyalty and willingness to propose have a substantial influence on service quality, customer satisfaction, and bank image (Dwaikat *et al.*, 2021). PayPal, the most popular e-wallet service and method of payment for freelance work done overseas, as well as several other fintech products controlled by American banking rules, are barred in Palestine and refuse to conduct business there or with Palestinians. PayPal does, however, offer services to Israelis in the West Bank, which has raised some controversy (Kutum, 2017). As a consequence, a significant number of global businesses see the business risk associated with doing business in Palestine as intolerable, putting light on the serious challenges confronting the Palestinian economy and financial system. It is possible that the high rate of cryptocurrency adoption in the Gaza Strip is a result of the Palestinians' higher difficulty in making international payments and exchanging currencies than those in industrialised nations. Studies performed on the ground indicate that the bulk of cryptocurrency users are ordinary Palestinians, despite the fact that organisations forbidden from American financial systems and their sympathisers, such as Hamas, are utilising cryptocurrencies to produce money from outside the United States. As they quickly embrace financial technology, Palestinians are compelled to depend on foreign technology given by uncontrolled local bitcoin merchants.

The Qassam Brigade, the military wing of Hamas that also controls the Gaza Strip, has made information available to the locals in a variety of ways, including a tutorial on its website and a method for creating new wallets for each transaction, in order to reduce the likelihood of foreign enforcement of the Hamas blacklisting causing problems.

Institutional Bitcoin transactions are not deemed compliant because to PMA regulation that prohibits them.

Hamas' drive to gather funds using bitcoin drew public attention to the usage of cryptocurrencies like bitcoin to overcome present constraints and impediments. The most prevalent applications of cryptocurrencies were payment for independent labour and international wire transfers.

Chapter 3: Methodology

3.1 Introduction

The idea of research methods relates to reflecting the tools and techniques to answer the research question on how the study has been formulated and to make the study findings valid and reliable. The idea of research methodology aims to refer to the procedure where the researcher aims to choose the specific tool to analyze and select the information related to the topic.

3.2 Research Design

The most effective strategy for doing research was selected after considering the author's prior knowledge, the responses that the participants in the study were anticipated to provide, and the availability of relevant data. In addition to qualitative study design and quantitative methodology, the recommended research makes use of qualitative research methods such as interviews, case studies, surveys, and other publically available data in order to quantify internet usage. The findings of this qualitative study of a multiethnic Asian community give information concerning the demographic and socioeconomic aspects that influence the treatment of hypertension. It may be possible to accomplish the purpose of the research in a shorter amount of time if qualitative data gathering, which is aided by the qualitative approach, is used. The researcher has a better chance of achieving a deeper comprehension of the textual and visual concepts at play in the study subject if they use this methodology (Nour *et al.*, 2022). In addition to this, it is helpful for gathering information by doing surveys, going through documents, and conducting inspections. Although the repercussions are difficult to quantify and lack clarity, it is nevertheless possible to analyse, categorise, and evaluate them. A further advantage of subjective

research is that it provides a more thorough explanation of the data by drawing attention to recurring themes, divisions, and patterns.

3.4 Research Philosophy

The research philosophy known as "interpretivism" is one that recognises the significance of taking into account the perspectives of the people whose lives are being investigated. Interpretative scholars "believe that access to given or socially formed reality is confined to social constructs such as language, awareness, shared meanings, and tools." This is done in order to accomplish this goal. In response to positivism's dominance in the social sciences, interpretivism emerged as a distinct school of thought within the realm of philosophy. As a direct result of this, this worldview places a greater emphasis on qualitative analysis than quantitative analysis. The term "interpretivism," which is "connected with the philosophical position of idealism," is used to classify a variety of approaches that reject the objectivist concept that meaning exists in the world independently of mind. The phrase "connected with the philosophical position of idealism" comes from the phrase "connected with the philosophical position of idealism." Perspectives of this kind include social constructivism, phenomenology, and hermeneutics, to name a few examples. The interpretivist methodology places a strong focus on the function of the researcher as a social actor in the process of recognising individual differences. Studies that are based on interpretivism may also make use of a range of research approaches, each of which is designed to faithfully represent a particular aspect of the problem being studied. The interpretative approach draws attention to the subjectivity of this methodology as well as the great potential for bias on the part of the researcher. It is not viable to generalise data acquired through interpretivism because of

the influence that the researcher's own personal opinion and values have on the facts. As a direct result of this, the trustworthiness of the data and its representativeness are both reduced. The use of interpretivism has made it possible to conduct in-depth research on previously inaccessible areas of qualitative inquiry, such as intercultural differences in the workplace, moral conundrums, leadership and the study of variables that effect leadership, etc. The main data gathered by interpretivist researchers are likely to be of a good quality since interpretivist researchers have a tendency to depend on trustworthy and open information sources. A quantitative research design is a way of study planning that employs statistical techniques. The layout is influenced by the methodology employed, be it in-person interviews, telephone interviews, web-based surveys, or paper-and-pencil questionnaires. SMS/Test Message polling and physical counting are two other techniques (Turshan and Karim, 2019)

Quantitative research aims to identify how many individuals share a certain attitude, behaviour, or emotion. Due to their emphasis on the quantity of replies rather than the nuanced or emotional understanding sought by qualitative investigations, quantitative studies often use high sample sizes. In quantitative research, all respondents are asked the same set of questions so that the sample data can be analysed consistently. The data is displayed numerically so that it may be analysed quantitatively using a variety of statistical techniques. However, surveys can be designed to branch off in different directions based on a respondent's response; for instance, those who rate a service as "satisfactory" or "unsatisfactory" may be asked additional questions (Zedan and Daas, 2019).

In quantitative research, questions are typically preferred over open-ended ones. It is uncommon to receive detailed, free-form responses from survey respondents unless you

provide them with a list of predefined options. This strategy ensures that the quantitative research methodology is significantly more efficient than if qualitative open-ended questions were employed. It is more productive because it does not require the laborious encoding of multiple free-form responses. In accordance with the quantitative research methodology, it is permissible to add "Other" to the list of potential responses to questions when deemed appropriate. Consequently, respondents whose responses do not neatly fit into the primary categories may still have their responses recorded and analyzed (Abdeljawad *et al.*, 2020).

3.4 Research Approach

The next layer of the study is the research approach. The approach of research relates to the plans and procedures of the study. It refers to the steps undertaken by the researcher. The research approach is the foundation of the research setting as it depends on the theoretical formulation of the study (Peffer, 2007). The research approach reflects the broader assumptions taken by the researcher for the data collection. Mainly, for this study, the research approach has been used to reflect on the step-by-step process of the data collection process followed by analysis and interpretation. The research approach that relies on the nature of the research being addressed is the deductive approach.

3.4.1 Deductive Approach

The deductive approach is the second category of the research approach. It relates to the development of the hypothesis on the pre-existing theory and later the theory is then tested further (Snieder&Larner, 2009). The deductive approach is known to be best fitted with the approach of positivism as it enables the researcher to formulate the proposed

hypotheses on the statistical grounds to an accepted level of probability (Silverman, 2013). The deductive approach is characterized as the process of shifting from general to a particular process of research. This means that under this approach, the researcher, at first develops a general theory, and based on that proposed theory, a particular knowledge is attained from the detailed research process that is later tested against the formulated hypothesis made from the theoretical underpinning (Kothari, 2004). The deductive approach can also be used for the qualitative analysis in some of the rare cases where the assumption is based on the pre-existing research and the research is set differently rather than testing of hypothesis.

Among the approaches of research mentioned above, this study has taken the deductive to assess the role of learning and development focuses on finance education among the company's management and employees influencing future success. By adopting the deductive approach in the study, the researcher has been able to reflect on the cause and relation effect among the concepts and variables. The researcher has also been able to measure the concept and role of learning and development through empirical investigation.

3.5 Research Strategy

Research strategy as the next layer of research refers to the intention or strategy to conduct the research investigation (Saunders et al., 2007) Research strategy can include a variety of approaches as it can be implemented in the form of empirical analysis, action research, case study, interviews, survey, and systematic literature analysis. This study adopted conducting and analyzing interviews as a research approach to collect and analyze data further. It is known that the strategy of interviews in the study is one of the best forms of

data collection due to the nature of the study and the fact that financial technology is a modern term in the Palestinian market, as resorting to the experience of some specialists in the field is the closest to obtaining information and then analyzing it later to obtain results that can be published and can be Relying on them and discussing these results and making recommendations later.

3.6 Research Choice

Choosing the research for the method adopted by the researcher to conduct the study. This inner layer of research allows an assessment of whether it is appropriate to combine quantitative and qualitative methodology or to stick to only one methodology. As noted by Saunders et al. (2007), research selection is categorized into three different characteristics. The first method is the unilateral method. Under this, the researcher is restricted to using only one approach either qualitative analysis or quantitative analysis. The next category is the mixed approach. Under this method, the study can take both qualitative and quantitative analysis as an option for the study. The third method is the multiple method in which the researcher can take multiple approaches under one choice of research such as the researcher can conduct survey analysis and focus group interviews according to the quantitative approach (Bryman and Bell, 2011). And since the nature of the research is exploratory, this research will take an interview approach more than any other tool that achieves the most important goal, which is obtaining the correct information from experienced people.

3.7 Time Horizon

The next layer is the time horizon of the study. It relates to the intervals of time undertaken to collect the data (Bryman, 2012). The time horizon encompasses the whole amount of

time that will pass until the investigation is brought to a close. In addition, the time period serves as a determinant for the breadth of the research design, which may be either longitudinal or cross-sectional, respectively. The length of time considered in an inquiry determines whether it is a cross-sectional or longitudinal study. An other interpretation of the time horizon is that it is a reference to the anticipated duration of the study effort (Abu Daqar *et al.*, 2021). Cross-sectional and short-term research may be finished in a relatively short amount of time, but longitudinal research focuses on data collecting that is carried out on a more consistent basis. For the purpose of this research, data were gathered for a certain cross-sectional time span. The primary reason that a cross-sectional design was selected for this study was so that the stated objective, which was to conduct a comprehensive literature review to investigate socioeconomic and sociodemographic aspects of hypertension treatment, could be attained. This objective was the driving force behind the decision to use a cross-sectional design.

3.6.1. Longitudinal

The second one is the longitudinal approach. Under this approach, the researcher gathers the data repeatedly over an extended period. This method is chosen when a study is examining change over time (Goddard & Melville, 2004).

3.8 Data Collection

The last layer of the research onion is the data collection. It is said to be the innermost layer of the research onion. Data collection refers to the process where the data is gathered and validated with the study. This process essentially contributes to the overall reliability and validity of the study (Bryman, 2012). Under the data collection, the researcher

explains the data sources, design of research, sample size, and population of the study. The data collected can be either primary or secondary. This study relies on both qualitative and quantitative data and the data have been obtained from interviews, records, and documents. The data analysis of the study relies on highlighting the theories connected to the efficient market hypothesis, corporate finance that is helpful to evaluate the topic.

3.9 Data Collection and Sample Collection

Since fintech companies are not yet mature enough in Palestine and there is a lack of literature on this topic so our research would be exploratory research that will help in conducting further research regarding fintech companies and their future in Palestine. The abductive approach is adopted in this research which is a combination of deductive and inductive approaches which will enable us to use theories and test them if they are applicable in financial institutes of Palestine and not using hypotheses for the study. The study aims to employ qualitative data collection techniques for identifying the impact of fintech companies on financial institutions in Palestine. The qualitative data of the study is collected with help of the interview and the quantitative data of the study si potentially gathered by the questionnaire.

This study will employ the interpretive model in which qualitative method is more suitable to get a deeper and well understanding of Fintech companies' impact on financial institutions in Palestine. Semi-structured interviews would be conducted with experienced representatives of the Palestinian Financial institutions to obtain highly valid data for analysis. Thematic analysis would be done after conducting interviews. NVivo software will be used as a tool for thematic analysis. Our research sample size would be

13 financial institutions. However, in Palestine there are 3 Islamic banks, 5 commercial banks, and 6 foreign banks, in which 5 are Jordanian and 1 is Egyptian bank. Also, we have 8 microfinance situations. Following is the detail of banks and microfinance:

Table 1 Banks in Palestine Calcification

Local banks	Foreign banks	Local Islamic banks
<ul style="list-style-type: none"> • Bank of Palestine • The National Bank • Palestine Investment Bank • Al-Quds bank 	<ul style="list-style-type: none"> • Arab Bank • Cairo Amman Bank • The Housing Bank for Trade and Finance • Bank of Jordan • Ahli Bank • Egyptian Arab Land Bank 	<ul style="list-style-type: none"> • Palestinian Islamic Bank • Arab Islamic Bank • Safa Bank

Table 2 Microfinance in Palestine Calcification

Islamic microfinance	Commercial microfinance
<ul style="list-style-type: none"> • Al-Zaytouna Islamic Finance Company • Orphans Fund Development Foundation 	<ul style="list-style-type: none"> • Faten Foundation • authenticity • Arab Center for Agricultural Development • Microfinance Department - UNRWA • Vitas Palestine Microfinance

The study population is all the banks that were mentioned above, but due to the difficulty of conducting interviews with all these banks and institutions, the researcher decided to take a non-random sample based on knowledge of the Palestinian market, where the best banks were chosen in terms of market share and strength in providing electronic services.

The largest commercial and Islamic lending institutions

3.10 Ethical Consideration

The ethical consideration, the researcher has made sure that any taken from the secondary sources has been referenced properly. Moreover, the study has made sure about the obscurity and authenticity of the study by ensuring the anonymity of the respondents. The study has ensured to not add any such questions that might harm the personal psyche of the respondents. Furthermore, the respondents have made the responses filled voluntarily and no financial compensation has been given to the respondents to fill the survey.

3.11 Limitations

Despite fulfilling the research aim, the researcher has been still bound to have some restrictions to complete the investigation. The first limitation is the time constraint. As per the time limitation, the researcher was not able to do an in-depth analysis of the data. The second limitation is the little biasness that might take place as the respondents are not observing under the natural setting rather they are being asked to fill the online surveys. This might create a few biases in the responses of the respondents which can further affect the generalizability of the study.

Chapter 4: Data Analysis and Results

4.1 Conducting the Interviews

The questions were formulated after reviewing the previous literature, and the criteria for selecting the sample and the people we would meet were specific, as all of them are from the electronic channels department or banking services, as they are called within the same bank, and the communication was through phone calls, e-mails, Skype, LinkedIn, or even personal acquaintance. In advance of the person, these methods were effective in selecting interview participants for us, and we will detail each interview and the method by which it was conducted.

Seven interviews were conducted with two Islamic banks, three local Palestinian commercial banks, and two Jordanian banks, which are foreign banks, and two interviews were conducted with two Islamic and commercial lending institutions. The last interviews and we decided that Seven interviews are sufficient, as the answers are repeated. Therefore, we reached a state of saturation and decided that Seven interviews are sufficient. Details about the interviews are as follows:

Table 3 Details of Interviews

Financial institution	Interviewee	Position	Language spoken	Means of communication	Duration	Date
The national bank	Yousef Shawamreh	Head of E-channels section	Arabic	Face to face	1:15	24/03/2022
Palestine Islamic bank	Mousa Alkashif	Head of E-services section	Arabic	Skype	46	27/03/2022
Bank of Palestine	Mohammed Dawad	Head of Cards section	Arabic	Phone	28	28/03/2022
Arab bank	Yousef Nawajah	Head of E-services section	Arabic	Face to face	57	29/03/2022

Financial institution	Interviewee	Position	Language spoken	Means of communication	Duration	Date
Palestine investment bank	Anas aljyouisi	Head of systems department	Arabic	Face to face	1:04	04/04/2022
Alzytouna microfinance	Fadi Sharif	IT manager	Arabic	Face to face	53	11/04/2022
Faten microfinance	Shaban hammad	IT manager	Arabic	Email	–	02/04/2022

4.2 Empirical Findings

In this section we present the data that we can collect during interviews and present the results by each financial institution individually.

First, we introduce banks, then microfinance. We organize the results according to our interview topics.

4.2.1 The National Bank (TNB)

General Background of the Interviewee

Yousef Shawamreh is the Head of E-channels and support systems section, with 7 years' experience in E-services banking and cards, have MBA from birziet University.

The Definition of FinTech Companies

Youssef defines financial technology companies as companies that transform the world of money from the traditional to the digital and sees that they are spreading strongly in Palestine in the post-Corona period due to their importance in completing transactions without effort in a virtual world, and he sees them as companies with strong and a large and promising potential market.

Youssef believes that the role of financial technology companies is currently limited to providing financial services, such as paying bills, charging, and transferring between friends and customers, but they are not lending through them, and he believes that if this is done, they will outperform banks and lending institutions in this field.

The Impact of Financial Technology Companies on the Services of Financial Institutions

Banking services in Palestine are directly and strongly affected by the level of use of electronic services, such as paying bills and using the feature of transferring and receiving money as well as charging virtual cards and charging the balances of global sites such as Google, Apple and Netflix subscription, where financial companies exceed the role of banks in this field and if they entered lending, it would be with less interest because the cost is lower.

Cooperation and Collaboration

The National Bank has engaged in great cooperation with electronic payment companies, led by MEPS, which is considered a strategic partner and one of its founders. In return, it has established companies with Jawwal Pay, which is affiliated with the Paltal Group and is the largest shareholder in the bank, while the bank did not establish any other partnerships with financial technology services companies follow other banks, and this indicates that cooperation and litigation can only take place based on the interest of the bank.

The mutual benefit between banks and electronic payment companies will continue until the companies provide services related to lending, at which point the cooperation will turn into competition if the companies currently benefit from the database at the banks

and the banks benefit from the process of encouraging electronic payment and save time and effort for their employees in the branches.

Business Model

The strategy in the National Bank was able to maintain spatial expansion and keep the branches physically on the ground, but develop digital services so that they remain competitive in light of the great digital development of all banks and financial technology companies, as the reason for this trend is the presence of customers who prefer to meet in the culture of communication. Spatially, they have greater confidence during their banking transactions, especially the non-youth group who do not care much about technological matters.

The National Bank owns two units in this field. The first unit is purely software consisting of 7 programmers, and another unit for digital services and ATM follow-up and services related to movements through all electronic channels and consists of 5 employees. Therefore, the goal here of these services is to remain in providing electronic services provided by other banks.

Safety and Regulation

As for the security and safety in the banking system, it is very high, as it is subject to all instructions from the supervisory authorities in the cash bank in terms of the availability of firewall systems and access to the banking field from any employee, as well as the presence of a unit within the infrastructure team specialized in information security, not to mention the presence of security on each program inside the bank, as well as the

presence of a licensed and paid antivirus on every side within the bank, whether it is a branch or an administration

Fintech companies also have the same level as they are also affiliated with the cash authority and are subject to its control and to the laws that are legislated by the authority.

The Expectations for the Future of Financial Institutions

Youssef expects that financial technology companies are the future and that they will greatly affect banks if they provide lending services, whether Islamic or commercial. It takes time for financial technology companies to become competitive, and the reason is that popular culture is still unable to choose technology and trust it much, but the matter changes with the advent of new generations who use and believe in technology. Youssef also expects that the presence of electronic services currently in banks helps the survival of A large part of the customers they have, and it is a huge competitive advantage even among the banks themselves and not only with the fintech companies.

4.2.2 Palestine Islamic Bank (PIB)

General Background of the Interviewee

Mosa alkashef is the Head of E-channels, ATMs and POS, with 6 years' experience in E-services banking switching system, have BA from Al-Quds Open University.

The Definition of Fintech Companies

Mousa define Fintech: It is every company that specializes in financial services, such as for electronic payment as a basic part of such companies mentioned as an example in addition to providing an electronic wallet to facilitate electronic payment.

Currently, the work of electronic payment companies in Palestine is limited to providing electronic payment mechanisms by providing an electronic wallet that is pre-charged. However, the work of electronic payment companies goes beyond providing an electronic wallet only, to debit cards or even credit cards, mechanisms for installments upon purchase, automated exchanges or even providing facilities and also making a financial transfer and also linking the wallet account to a debit card or credit card instead of a wallet that is pre-charged, or even linking this wallet automatically to a bank account from the banks operating in Palestine.

The Impact of Financial Technology Companies on the Services of Financial Institutions

Banking services in Palestine are directly and strongly affected by the level of use of electronic services, such as paying bills and using the feature of transferring and receiving money as well as charging virtual cards and charging the balances of global sites such as Google, Apple and Netflix subscription, where financial companies exceed the role of banks in this field and if they entered lending, it would be with less interest because the cost is lower.

Cooperation and Collaboration

Mousa surely say Without a doubt, the interests between the parties may be a strong factor in dealing with each other, especially since things are taking place for us in a way that depends on public relations and relations between individuals, regardless of the fact that these companies may pose a real danger in the future, but we know that these companies know their limits and know where stand

Objectively and apart from the public relations accounts, it can be said in principle that the bank will cooperate in the first stage as long as this cooperation constitutes a benefit to both parties, such as that the bank will be able to provide mechanisms to enable its customers to pay bills electronically via the mobile application and the website.

Also, without a doubt, cooperating with existing financial institutions participating in the current offer in the market in the form of a large base of companies, for example, to provide an opportunity for the bank to market the water bill through the “Internet banking” or “Mobile Bank” using the port of these technological companies is great. The impact on these companies, as thousands will start paying and using these companies, whether knowingly or unknowingly

Business Model

Moussa believes that all banks today are moving towards activating the digitization model within their business, and any bank today is working on adopting technology to push towards digitization. There are also two deals related to automated exchanges and points of sale, but at the same time he believes that the relationship with customers in this regard still needs more attention, but states that the bank’s current strategy still carries a traditional type such as geographical expansion, where the number of branches increased from 21 in 2015 To 47 branches in 2022, which is more than double.

The Islamic Bank has an external programming company to carry out the tasks of preparing software. It is also unique in the presence of a department called Product and Software Development; a department specialized in developing digitization within the bank.

Safety and Regulation

Moussa believes that the bank's systems are collected from the Islamic bank, of course safe, but there is no complete security, whether electronic or non-electronic, security is a relative matter in all aspects of life, according to him, and he also says that banks and lending institutions should protect themselves against financial technology companies is to turn to Financial technology companies that currently own the resources, which will make it difficult for the current companies to compete.

Moussa also sees that the regulations imposed by the supervisory authorities in particular are very restrictive and constitute a burden on banks, but at the same time they provide an excellent protection wall for all banks operating in Palestine. And they also do the universal bitdefender protection program on all devices, whether they are in the branches or in the administration.

The Expectations for the Future of Financial Institutions

Moses states that the issue of digital change is inevitably coming, and that whoever does not go with the current will lose and get out of the saddle, but he does not know when to specify, but he says that the world is fast changing, but let's say that by 2035 everything will be "digital", this is how he expects

As for the transformation of the current companies into digital companies, it depends on the ability of these companies to develop, but if these companies succeed, according to him, according to his opinion, the banks will be compelled to transform into a "digital bank."

Musa adds that if digital currency happens and spreads, the Internet will be the back office for everyone.

4.2.3 Bank of Palestine (BOP)

General Background of the Interviewee

Mohammed Dawood is the Head of Cards and chargeback section, with 9 years' experience in Visa transactions and E-payments productions.

The Definition of Fintech Companies

Mohamed defines financial technology companies as those companies that facilitate electronic payment processes such as bills and pre-charge, as well as facilitating electronic transfers between individuals and companies, and in advanced stages that provide financial services such as banks, such as micro-lending and installment services through electronic wallets

Muhammad believes that the Palestinian companies that work in this field are currently largely ineffective, but they have a promising future and will affect all the bank and besiege them if they implement the lending model, even if it is small, or simplify when buying. albeit slowly.

The Impact of Financial Technology Companies on the Services of Financial Institutions

Muhammad believes that the current role of financial technology companies is limited, as they provide services such as those offered by our bank now, and even the Bank of Palestine outperforms them, but if these companies implement the lending and installment model through electronic wallets, they will be a fierce competitor in the market due to the lower cost as they do not need Opening branches or hiring and other operational costs, these companies can also expand their database by building relationships with all banks currently, which may make the task of competition with banks more difficult.

If these companies manage from the youth category and spread strongly, they will eat the Palestinian market and there will be no room for banks to compete for banks to invest in them or establish companies supported by them. Bank of Palestine is currently in full cooperation with PalPay Company in creating an electronic wallet and entering this market through PalPay companies originally owned by the Bank of Palestine.

Muhammad adds that it will only be able to finance companies with huge amounts of money, because it does not receive deposits, and it will also have a problem in financing projects because we have no experience in the matter, and entering this field is not simple. In the end, Muhammad says, "This matter makes me more reassured that in the event of intense competition and the impact of these companies on the bank, we will have a strong and competitive arm in the market that will keep us operating."

Cooperation and Collaboration

Bank of Palestine cooperates with its arm in this field, PalPay, which it considers its strategic arm in this field. Such as Jawwal Pay, Malchat and MEPS, and these companies are currently cooperating with Bank of Palestine in the field of feeding the wallets and withdrawing money or depositing in the governorate, but the cooperation remains shy and does not rise to the level of cooperation with the owned company.

However, other companies can benefit from cooperation, as Bank of Palestine has a database of more than 800,000 Palestinian citizens as clients of the bank, and this matter may pose a risk in attracting these clients if their data becomes exposed to the companies that establish cooperation with the Bank.

Business Model

Muhammad fully agrees, and the challenge here is in the difficulty of transforming the bank into a financial company considering this large burden of assets, properties and geographical expansions, but it remains for it to do the development of digital systems and the trend towards digitization in dealing with customers more

Muhammad believes that any bank today is working on the adoption of technology to push towards digitization, as the bank does not benefit from geographical expansion if technology is the faction in this matter, if you do not need to have branches or offices that are real and physically located, and it is enough for you only an electronic server that performs all banking transactions using Applications on smartphones

Safety and Regulation

Of course, it is safe, as Bank of Palestine contains a wide range of protection systems, the most important of which are firewall and secure entry from outside the bank forti client Muhammed say It also depends on activating the Kaspersky antivirus with full features in all devices in the branches and administration.

The Expectations for the Future of Financial Institutions

Muhammad believes that financial companies will achieve great success, and that it does not require that they be a little patient, as technology is coming and strong and is still dominant and will have greater control. Muhammad also believes that it will replace lending institutions, but banks still have the option of large financing and more effective for them, especially the field of companies and not individuals

4.2.4 Arab Bank (AB)

General Background of the Interviewee

Yousef Nawajah, Head of systems and E-channels department have B.A from Palestine Polytechnic University also he have 10 years' experience in E-services.

The Definition of Fintech Companies

Youssef Nawaja believes that financial technology companies are companies that use technology in providing money and business services, and they are what makes technology the first controller in financial operations of all kinds, such as payment, money transfer, or even lending, so that the use of technology ensures safe and fast payment methods at the same time.

Currently, the role of financial companies in Palestine is somewhat weak, but it is expected that the next generation will be more in demand as they provide competitive, strong and fast services and use smart phones in this field as they will be able to compete in light of the spread of the culture of smart mobile phones among the Palestinian youth community

The Impact of Financial Technology Companies on the Services of Financial Institutions

Youssef believes that the current role of financial technology companies is still within a narrow scope, and that the Arab Bank currently provides services that exceed those provided by these companies, as the Arab Bank has a smart application for its customers and a website that is considered the first in the country in this field, but this matter may not last long in In the event that this company has a large database of customers due to the ease of entry and registration through it, and this constitutes strong competition in the

near term, also these companies do not bear costs as the bank bears, as the Arab Bank pays high operating costs through 19 branches spread all over Palestine And one branch in Gaza is in the Al-Rimal neighborhood, and given that the Arab Bank is developing more and more powerful software and hardware, especially the ATM, this matter constitutes a huge financial burden, and this will affect if there is competition from financial technology companies that spread easily through agents selling retail stores for cell phones. .

The Arab Bank has not made any purchase or acquisition of any financial technology companies, and this will make these companies a first and strong competitor for us, and there is also cooperation, but within very narrow limits.

He also believes that the problem facing these companies is liquidity, as they do not receive deposits or deposits and did not obtain a license to do so. There is also a problem that they need time to gain the trust of customers.

Cooperation and Collaboration

The Arab Bank did not provide any tangible cooperation with any of the financial technology companies, and if that was to be done, it would be through Jawwal Pay, as it had previously cooperated in this field with the mother company, but Jawwal Pay has not signed any agreement with it so far.

Youssef also adds that the financial technology companies were the initiative in this cooperation, and the request was made on more than one occasion in this matter. The Arab Bank relied on the technology it has in this field and does not want any cooperation with financial technology companies, as it even has its own vending machines

(Automated Point of Sale) Any financial transactions can be completed through the bank's applications only.

A competition and it cannot be a supplier or a call to us, it cannot be considered a partner in any way

Business Model

Youssef believes that the Arab Bank can compete, but to a certain extent, it will not remain competitive if it does not accelerate innovation, diversification, and find real solutions in facing the challenge of financial technology companies. The current model reaches all customers in this field and maintains a good relationship with them.

He also adds that currently the role of financial companies in Palestine is somewhat weak, but it is expected that the next generation will be more in demand as they provide competitive, strong and fast services and use smart phones in this field as they will be able to compete in light of the spread of the culture of smart mobile phones among the youth community Palestinian

Safety and Regulation

Of course, it is safe, as the Arab Bank owns all the protection programs that are applied by the General Administration in Jordan - Amman. These programs are supervised by international companies, and huge sums are paid to invest in the security of customer data and money

We also adopt the best global firewall in the bank, anti-malware, and secure lines from specialized VPN companies

The Expectations for the Future of Financial Institutions

Yousef believes it is a challenge and it is coming, although the date of its arrival is still early, but it is coming, as this challenge lies in the possibility of turning these companies into effective banks, and therefore the bank either acquires any of these companies or enters into real partnerships so that it owns good shares in these companies. On the other hand, banks should improve and develop the systems in the electronic payment channels in the event that they want to stay and compete in the market. He adds that the only benefit for banks is to exploit these channels to serve their customers in the field of electronic payment and money transfer, as they are not limited to the customers of the bank itself, but to the rest of the banks, and this is a good thing. For the bank from this angle, but it is not good, because the financial companies will be aware of all the database of the bank's clients, and this allows the financial technology companies to attract these clients. It is believed that the financial companies will be an alternative to banks and banking services by 70-80% of all services provided.

4.2.5 Zaytoneh Microfinance (Zaytoneh)

General Background of the Interviewee

Fadi Sharif IT manager Zetoneh Company, B.A from Palestine polytechnic University, also he has 8 years of banking financial systems.

The Definition of Fintech Companies

Fadi knows this type of company that it is a financial intermediary between companies that use this technology and the clients of these companies, so that customers can pay

their obligations such as bills, installments, fees and others with ease and ease using this technology.

Fadi adds that although they are modern companies and have not yet been reached and used by the appropriate segment of the Palestinian market, they undoubtedly provide services that have many benefits and advantages, including that they reduce the risks of carrying and transferring cash, the possibility of using the service at any time and thus the possibility of paying bills Installments, fees, and others at a time that suits the customer, saving time so that the customer no longer needs to go to the company or entity to which he will pay the bills/installments/fees and wait for the turn that sometimes extends for more than an hour.

The Impact of Financial Technology Companies on the Services of Financial Institutions

Undoubtedly, financial technology affects the banking sector in general, and specifically on banks, banks, and lending institutions. By using this technology, an individual can apply for financing from anywhere and at any time using his mobile phone, for example, he can inquire about what he wants and form a clear picture about the available options and the best option. For him, he can keep track of his finances, installment dates and other details, and he can now pay his installments using this technology at a time that suits him and from anywhere.

Cooperation and Collaboration

The institution in which I work, despite its recent inception, uses this technology as a means that customers can use to pay their periodic installments, in order to relieve customers.

Undoubtedly, the success, development and spread of these companies in the market depends mainly on the number and nature of the parties that cooperate and deal with them. I think that the companies presented in the questionnaire (Palpay, Jawwal Pay, Maalchat) take the status of a supplier or complement to the work of our institution (Al-Zaytoneh Islamic Finance). A positive role for customers by not having to visit the company when paying each installment or go to the bank and deposit the payment in the company's bank account.

Challenges and Opportunities

Certainly, the benefit that the financial technology company derives is the return that it achieves through each customer who uses the services provided by these companies. As for the lending institution, as we mentioned above, the benefit for the institution itself is to improve the repayment rate and customer commitment, and in return it plays a positive role for customers by not needing to visit the company when paying each installment or going to the bank and depositing the payment in the company's bank account.

Fadi speculates that the financial technology companies will devour the traditional financial services in the bank / lending institutions, but certainly this option will need a long period of time, as the Palestinian society in general goes to use technology and employ it in all aspects of life, and harness the various applications to serve it, and financial technology (Palpay, Jawwal). BP, Maalchat) within these applications, and the recent direction of the Palestinian Monetary Authority to reduce the use of cash will undoubtedly enhance this technology.

Business Model

Even though the institution I work for is newly established, it is currently using most of the ways through which customers can be reached, such as social media, website, telephone and mobile, in addition to the traditional method through branch employees, and it seeks in the future to enhance these methods using a mobile application as well as dealing with various parties that work to connect clients with finance companies and banks.

Safety and Regulation

I think it is safe. The Bitdefender antivirus is used, as well as the firewall from Forti Client, which is one of the best around the world, and local companies that have great cooperation with international companies are also used.

The Expectations for the Future of Financial Institutions

I believe that its work will be constantly evolving due to the Palestinian market's need for financing, in addition to the fact that the financial technology around which this survey revolves will contribute to this development.

This expectation may be reasonable, but in the long run, and if this prediction is realized, it will have a positive impact as well for financial technology companies, banks, and lending institutions.

4.2.6 Palestine Investment Bank (Pibc Bank)

General Background of the Interviewee

Anas Jayousi, E-services and system manager from Arab American University, also he have 13 years of banking experience in IT filed.

The Definition of Fintech Companies

Anas believes that the financial technology company is a company that transforms the entire banking business into a technology application on the smartphone so that it becomes an integrated bank, starting from opening a bank account and ending with giving and closing loans or completing banking operations such as withdrawals, deposits, transfers, and purchases.

Companies that are still in the process of work and development, but they have a future in pink considering the general popular demand for the use of technology and modern means in transferring and receiving money, invoicing, and paying financial obligations

The Impact of Financial Technology Companies on the Services of Financial Institutions

Yes, it is influential and significantly, as the financial companies specialized in this field are considered the next competitor, and will even be the alternative that imposes itself on the banks and on the people at the same time, as companies play the role of banks and lending institutions and perform all banking operations, but using technology if you will be able to do all of what The bank provides services without the need to attend, make signatures and adhere to high bureaucracy, as is the case in banks

Cooperation and Collaboration

The Investment Bank is currently working on the electronic wallet project, which is its own project, to be able to compete in this field, as the application of the portfolio performs all the operations that can be implemented by financial technology companies in Palestine. The bank considers that all these companies are competitors, and services must be included in return capable of Their competition in the future, so the application was launched in conjunction with the emergence of these companies, and the application of the Investment Bank is being developed to be able to compete better and larger and provide more services.

At the present time, it is keen to cooperate with all the banking sector and public, limited and private companies, as it wants to develop its own network of relations and this contributes to increasing its mass base, but through the bank we have cooperation that does not happen at all because we have a clear alternative to these companies

Challenges and Opportunities

Anas says that what must be done is to develop a real alternative to these companies for our clients so that we ensure that they do not turn to these companies because there are services that they may not find with us.

Anas added that these companies will replace lending institutions in the field of small lending and will replace banks in the field of cash transfers, and banks will continue to work in the field of receiving checks and large loans for individuals and institutions, and they will continue to receive deposits only.

Business Model

Anas states that the banks possess all the financial and human resources necessary for this, but the matter did not come through investing in or acquiring one of these companies, but by creating a completely similar model internally that belongs to the bank and performs the same functions provided by these companies. We have the Cash Cab application

This application performs all the current functions performed by these companies and we hope for a greater development on it and has a large base of merchants and suppliers in the event that any of our customers desires to carry out electronic payments.

Safety and Regulation

I think it is safe, as everyone has enough protection means and software, and everyone adopts licensed and approved software globally, not locally.

The Expectations for the Future of Financial Institutions

Anas says that attention should be paid to digital transformation and banking digitization or establishing specialized financial technology companies or investing in the existing ones or opening the doors of bank digitization and paying attention to what exists on the current systems and developing it, adding that it will have to become more technological and will abandon bureaucracy in daily dealings and transactions. It will turn into a fintech company, or it will disappear.

4.2.7 Palestine for Credit and Development - (FATEN)

General Background of the Interviewee

Shaban Hammad, BA in MIS from Al-Quds Open University working on developing system for microfinance sector, also he have 15 years of Core system for microfinance Islamic and commercial.

The Definition of Fintech Companies

Shaban defines this type of company as a company that is summarized as a virtual application that replaces the bank or the lending institution functionally so that it performs all the financial transactions that individuals need through an application on the mobile without effort and time. Promising and strong companies are the future, and the next banks and lending institutions will be.

The Impact of Financial Technology Companies on the Services of Financial Institutions

Yes, there is a clear impact, and it will be very strong, and we will not be able to compete in the presence of branches, management and huge costs compared to companies that rely on technology for everything

Cooperation and Collaboration

Faten is currently contracting with all these companies without exception to ensure that we reach all their potential customers considering our inability to acquire or participate in the purchase of any company. Faten is a non-profit company. It resorts to cooperation with these companies and cannot enter its competition market or Acquisition or purchase in it even as the laws prohibit it.

Shaaban justifies this cooperation by saying that the financial technology companies are very keen to cooperate with us, because Faten is the largest company in the field of lending in Palestine, and it acquires about 60% of the Palestinian market in the field of microfinance. On all these wallets.

Challenges and Opportunities

Yes, it is a clear threat and a challenge that must be worked on from now, and the duty to meet this challenge for us is to develop a smart application through which we offer all products so that they become electronic and circulated through a group of suppliers and merchants that help our customers obtain all services Through us and not through the applications of these companies.

Shaaban also adds that there is no real benefit for banks, but for us the benefit is mutual so that these companies provide the lending service like us when they become a sworn enemy for us..

Business Model

We have enough money to push the wheel of internal technological development forward, and we have a solid network of relationships through which we can make agreements with all suppliers and customers and create our own application on smart phones that is competitive with the services provided by financial technology companies, but this requires a strategic decision through the Board of Directors and senior management.

Safety and Regulation

I do not think so, as these companies are doing what is necessary by using global protection programs licensed in the Palestinian territories through companies that have agencies here. Also for us we use the global protection program Bitdefender and the firewall from FortiClient company, and therefore the issue of security is very high for all institutions.

The Expectations for the Future of Financial Institutions

Shaaban believes that we must develop applications that help in the process of competition and be applications that provide complete and diverse services and are not limited to paying bills and some specific companies such as communications, water, and electricity only, we must establish relations with all parties and companies.

4.3 Analysis

4.3.1 The Impact of Fintech Companies on Financial Institution

As mentioned in the literature review above Merello (2021); Haddad (2021); Chen (2021); Others assert that there are jobs performed by financial technology companies that are completely copied from the jobs offered by banks and lending companies, and these jobs include electronic payment, money transfer, and bill payment for most companies in the country, providing virtual cards, and these also go beyond the jobs offered in banks. For example, the participants mentioned this clearly, and with reference to Youssef at the National Bank, he mentioned that the electronic payment services in financial technology companies are extensive and contain most of the necessary companies.

Also, Moses from the Palestinian Islamic Bank mentioned that these companies provide payment services on all the most popular and traded global websites such as Google and Apple and Netflix, and in Shaaban's participation from the Faten Foundation, there was a clear mention of the disappearance of lending institutions if lending services were provided by financial technology companies, according to what was mentioned from Shaaban

The review was carried out through literature reviews in both (Lajes, 2017). Cenni et al. (2015) and Liberti and Petersen (2018) state that financial technology companies excel in the field of information and data transfer so that there is a greater speed in processing, meaning that banking transactions will be smoother and faster and will not need to go through complex procedures and this is what was done Confirmed by Anas in the investment bank, where he stated, using technology, if you will be able to do all the services provided by the bank without the need to attend, sign and abide by the high bureaucracy as is the case in banks

Alternative financing options, as financial technology companies provide the lending service from person to person directly or through it directly and this will be annoying for the current lending institutions in Palestine, as this was mentioned in several studies such as Bellardini (2021); Cheng (2020); Ali and others (2019) and this is the other dimension, which is after the lending. Support and assistance.

Using the Nvivo program in analyzing the impact of financial technology companies on banks and lending institutions (financial institutions in Palestine), and through analyzing all the interviews that were conducted with five banks and two lending institutions, it was found that the lending institutions are the most affected by the financial technology companies and banks are affected in a different way. The impact on the National Bank

and the Palestinian Islamic Bank will be more than that of the Arab Bank, the Bank of Palestine and the Palestine Investment Bank. The researcher attributes this to the fact that Bank of Palestine has acquired a financial technology company and, through it, completes all the necessary transactions in the field of financial technology for its clients, which is Palpay. As for the Arab Bank, it relies entirely on its own applications and the developments it makes continuously on the digital infrastructure and smart applications that it guarantees in all the electronic services it provides. As for the Investment Bank, it launches its own electronic wallet and plays the role of a competitor in this field with technology companies Finance.

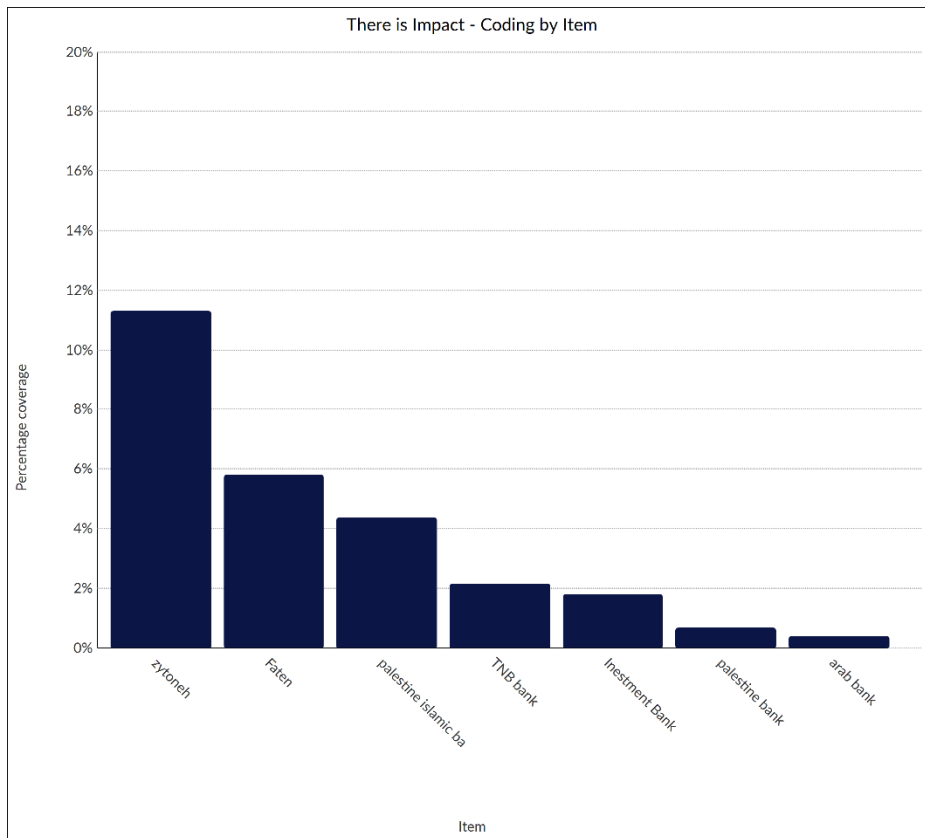


Figure 1 Impact According to Financial Institutions

And to confirm that this impact exists on all financial institutions in Palestine, but to varying degrees, if the banks that have acquired or purchased a financial technology company, the issue of competition for them will be easier than others, but in the end, according to what was reported by all participants, as mentioned below from a quote from every interview, they are all affected by the presence of these companies.

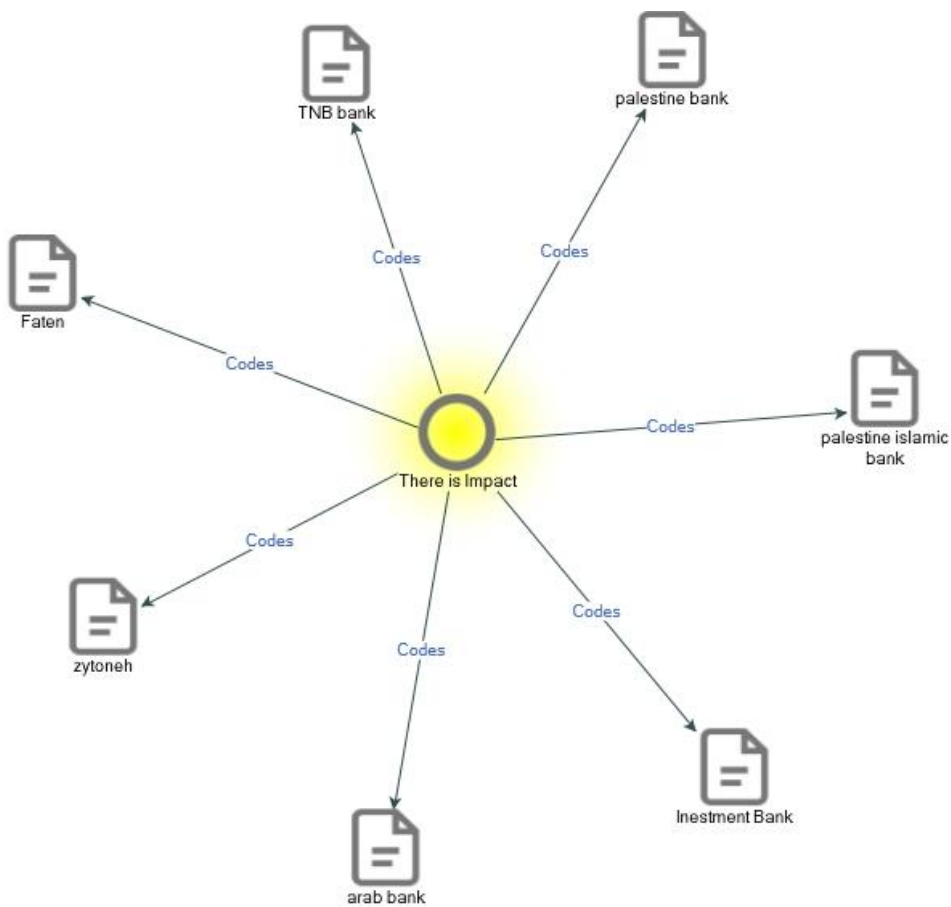


Figure 2 Impacts on all Financial Institutions

<Files\\arab bank> - § 1 reference coded [0.40% Coverage]

Reference 1 - 0.40% Coverage

still within a narrow scope

<Files\\Faten> - § 1 reference coded [5.80% Coverage]

Reference 1 - 5.80% Coverage

Yes, there is a clear impact, and it will be very strong and we will not be able to compete in the presence of branches, management and huge costs compared to companies that rely on technology for everything

<Files\\Inestment Bank> - § 1 reference coded [1.81% Coverage]

Reference 1 - 1.81% Coverage

financial companies specialized in this field are considered the next competitor

<Files\\palestine bank> - § 1 reference coded [0.67% Coverage]

Reference 1 - 0.67% Coverage

they will eat the Palestinian market

<Files\\palestine islamic bank> - § 1 reference coded [4.38% Coverage]

Reference 1 - 4.38% Coverage

Banking services in Palestine are directly and strongly affected by the level of use of electronic services, such as paying bills and using the feature of transferring and receiving money as well as charging virtual cards and charging the balances of global sites

<Files\\TNB bank> - § 1 reference coded [2.16% Coverage]

Reference 1 - 2.16% Coverage

Certainly, there is an impact and it may not be clear now because of the lack of spread of these companies with great force

<Files\\zytoneh> - § 1 reference coded [11.29% Coverage]

Reference 1 - 11.29% Coverage

Undoubtedly, financial technology affects the banking sector in general, and specifically on banks and lending institutions. By using this technology, an individual can apply for financing from anywhere and at any time using his mobile phone, for example, he can inquire about what he wants and form a clear picture about the available options and the

best option. For him, he can keep track of his finances, installment dates and other details, and he can now pay his installments using this technology at a time that suits him and from anywhere.

The interviewees stated clearly that FinTech companies cannot influence the traditional financial institutions in Palestine at the present time in terms of profitability and market share, but all of them expected it to rise. This will be considered a strong blow to the lending institutions and will partially affect the banks. This prediction made by the National Bank, the Faten Organization and the Palestine Islamic Bank is consistent with a study conducted in the United States of America, where these companies that provide financial technology services own 75% of the market shares in 2015 (Buchak, et al., 2017, p.2). Moreover, none of the participants indicated that profitability is threatened not in the short term because these companies need a series of approvals to be able to provide the most important product offered by lending institutions and banks, which is Islamic lending or financing. For example, Moussa from PIB mentioned that FinTech companies cannot grow very quickly and may need, according to his forecast, to 2035 to become a real and strong competitor in the Palestinian market, and this is consistent with his study (Harker 2020), which was conducted in Ramallah, concluded that the Palestinian society seeks to reach the area of financial inclusion, where many of them still have not been able to benefit from the field of the banking sector.

All financial institutions in Palestine are affected by the presence of financial technology companies, as shown in Figure No. (2), but the impact varies according to what is noted in Figure No.(1) of the results related to the impact of financial technology companies on financial institutions that Al-Zaytoneh Islamic Finance Company and the Palestinian Institution for Credit and Development (Faten) are affected more than other institutions,

namely banks, and this is because institutions that provide microfinance service are the most affected. If lending services are provided by these companies, these companies will provide a service that achieves financial inclusion at the level of microfinance, and this matter is the core of the work of lending institutions in Palestine, while banks have larger working arms that include accounts, checks, large loans, as well as deposits, ATMs, and other services as well. Even banks are affected, but to varying degrees, where the Palestinian Islamic Bank and the National Bank are more affected than the Arab Bank and Bank of Palestine, because the Arab Bank has a good arsenal in the field of technology and financial services through technology, and the Bank of Palestine is the one who owns the financial technology company PALB and supports it and supports it at the same time. As for the investment bank, it provides financial technology services using its own electronic governorate, and it can have competition in this field.

4.3.2 Attitudes Towards Fintech Companies

Cooperation and Collaboration

As shown in the literature review, entering the market is not easy due to the presence of laws and obstacles that differ according to the market and the country, as in a study (Holotiuk, et al., 2018, pp. 309-310). And the Palestinian market has obstacles and idiosyncrasies that are not repeated in another market in the absence of a central bank, and this was confirmed in Anas's interview at investment Bank, where he stressed that the issue of security for all systems comes through close supervision through the regulatory authorities (the Palestinian Monetary Authority).

This is supported by the interviewees, because until we pointed out that fintech companies lack the ability to give huge loans and housing loans in particular that require large

amounts of money in the issue of financing, where Anas from the investment bank mentioned that banks will continue to work in the field of receiving checks And large loans to individuals and institutions, and you will continue to receive deposits, as this matter requires a large cost by financial technology companies, and they do not have experience in this either.

Moussa from PIB also believes and supports a trend that financial technology companies will have the Internet as their back office and that banks should develop the internal environment for their financial services to be able to continue

This is also supported by Youssef from Arab bank (AB), who adds that the presence of smart phones is something that represents a growing ability of financial companies to reap a greater opportunity than others, as smart phones as an industry and spread are constantly growing.

As for cooperation between financial institutions and financial technology companies, it appears through the analysis of the seven interviews that lending institutions are currently moving towards cooperation because there is a clear common benefit, which is the exchange of the only product offered by lending institutions through wallets, which is small loans, and in return electronic wallets benefit from The fact that the loans are small, as it is easy for them to disburse them from any agent, and also if they are used to purchase from the shops and branches that are widespread and approved by them. As for the banks, if they do not acquire these companies, there is no real cooperation except in a narrow and useless scope, and this is shown in the figure below

Al-Zaytouna Foundation for Islamic Finance and Faten for Commercial Lending showed great cooperation with financial technology companies, while other banks followed with

similar degrees of cooperation through paying bills, charging balances and other simple operations in the areas of electronic payment only.

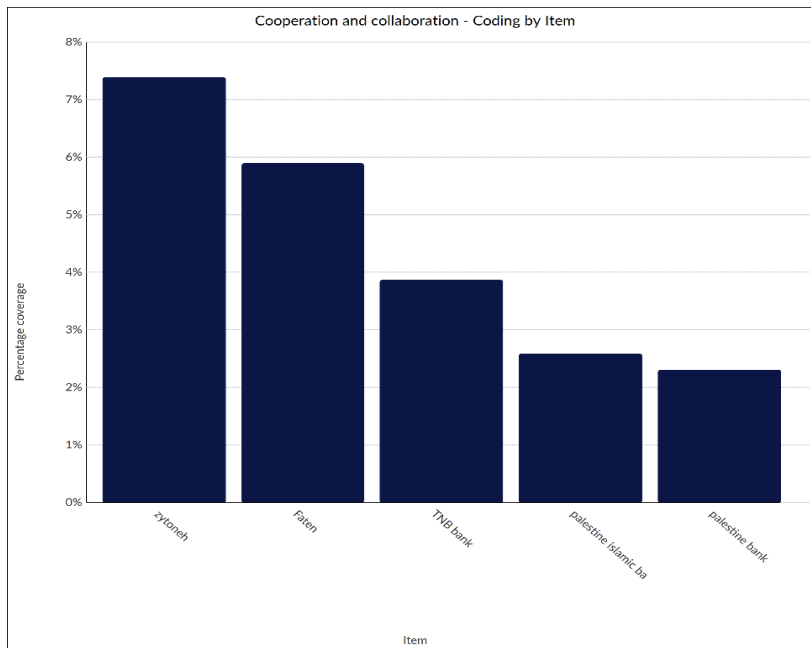


Figure 3 Cooperation and Collaboration Coding

In addition, Muhammad from Bank of Palestine BOP confirmed that some banks, led by Bank of Palestine, are supporting, or establishing a company from the beginning to be the front for it in the field of financial technology, and confirmed that Bank of Palestine works with Palpay as its corporate office. Moreover, Muhammad expects that this will be the most appropriate option, as some of the banks have already started to establish financial technology companies, such as the National Bank, which is established in partnership with Cairo Amman Bank and Jordan Bank, the Middle East Company for Electronic Payment. However, Muhammad mentioned that the issue of cooperation with these companies from their side does not take place except within narrow limits, and that the real support is only for the company owned by Bank of Palestine. These companies are on the part of the Arab Bank, as it has the development of financial services without the

need to establish cooperation with this type of companies. Therefore, the Arab Bank and the Investment Bank, which owns a portfolio that applies, and an electronic wallet specialized in the field of electronic payment, did not show these companies as competition and does not show any real cooperation with fintech companies.

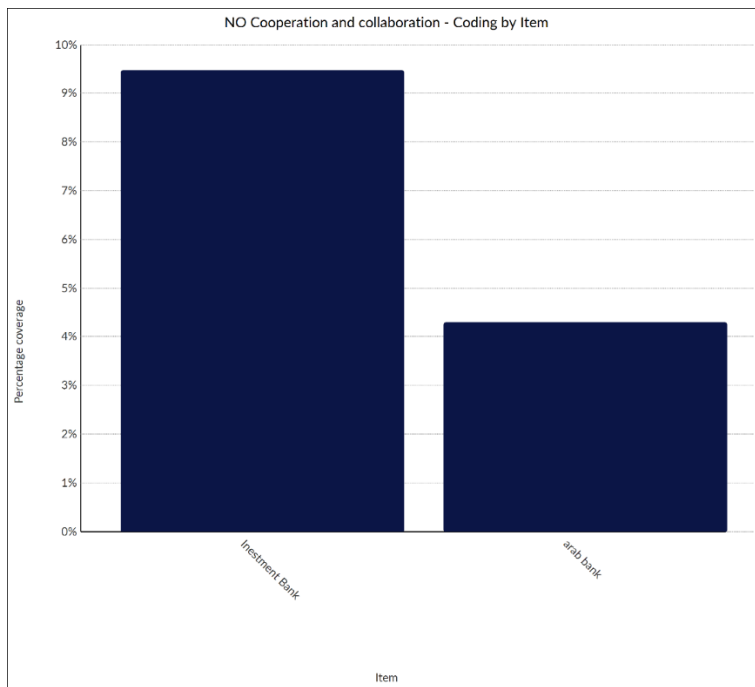


Figure 4 NO Cooperation and Collaboration

It was also mentioned in the literature review those financial institutions should move more towards digitization to develop their services, and that there are actual effects on traditional institutions in the banking field because of the development of digitization and the communications and information technology sector in the world (Al-Ajlouni and Al-Hakim, 2018, pp. 11-13). Commenting on this, most of those interviewed confirmed that they either started to develop their own systems or they tend to acquire and control these companies before they grow and become their first competitor, and that they are

developing applications for smart phones to serve their customers and provide the services provided by these companies until the moment when the study was conducted.

Challenges and Opportunities

The results here agree with all previous studies, where (Ebrahim, Kumaraswamy & Abdulla, 2021) stated in his study that financial technology companies, if they enter the market, this matter poses a risk to the operations of banks and lending institutions, and this matter causes actual losses unless banks do In the process of developing the systems and the technological environment and competing with the services provided by these companies, especially that these companies need much lower operating costs and at the same time safe and fast

This is what the participants in the interview mentioned, as they agreed that these companies are competitive and this matter cannot be overlooked, but they differed in the degree of influence on them, as lending institutions are directly affected when these companies provide lending services. In return, banks also compete in the areas of electronic payment and bill payment, as Evaluation of relations with all local companies in Palestine, according to what was mentioned, for example, in the interview of Youssef from the National Bank, TNB, and also Musa from the Palestinian Islamic Bank mentioned that these companies provide services at lower costs, speed and safety, while the lending institutions are helpless in the event of providing small loan services It is the only service provided by these companies, and this is according to what was mentioned by Shaaban in the Faten Foundation for financing small and medium enterprises.

As we see here most words in all interviews leads to there is challenge and need electronic services and development for these services.

Yes, it is a challenge, and it is coming, although the date of its arrival is still early, but it is coming, as this challenge lies in the possibility of turning these companies into effective banks, and therefore the bank either acquires any of these companies or enters into real partnerships so that it owns good shares in these companies. On the other hand, banks should improve and develop the systems in the electronic payment channels in case they want to stay and compete in the market

<Files\Faten> - § 1 reference coded [10.81% Coverage]

Reference 1 - 10.81% Coverage

Yes, it is a clear threat and a challenge that must be worked on from now, and the duty to meet this challenge for us is to develop a smart application through which we offer all products so that they become electronic and circulated through a group of suppliers and merchants that help our customers obtain all services Through us and not through the applications of these companies.

<Files\Inestment Bank> - § 1 reference coded [4.93% Coverage]

Reference 1 - 4.93% Coverage

Anas says that what must be done is to develop a real alternative to these companies for our clients so that we ensure that they do not turn to these companies because there are services that they may not find with us.

<Files\palestine bank> - § 1 reference coded [7.87% Coverage]

Reference 1 - 7.87% Coverage

Yes, the challenge here is that it is difficult for the bank to turn into a financial company in light of this large burden of assets, properties and geographical expansions, but it

remains for it to develop digital systems and move towards digitization in dealing with customers more

The most important benefit for banks is the use of these applications in the field of electronic payment, as it is easier and smoother.

<Files\\palestine islamic bank> - § 1 reference coded [4.02% Coverage]

Reference 1 - 4.02% Coverage

The real challenge stems from the trends of both companies and banks, as I mentioned that companies are more resilient to transition to a “digital bank” than a bank with massive assets, this is the real challenge for any bank in the future

<Files\\TNB bank> - § 1 reference coded [6.33% Coverage]

Reference 1 - 6.33% Coverage

Youssef believes that the current opportunity is to invest or acquire one of the existing companies. If the appropriate financing is found or there is an excess of liquidity, it is better to establish a new financial technology company that represents the financial and technological arm of the bank, because one day this emerging company will become the bank,

<Files\\zytoneh> - § 3 references coded [10.23% Coverage]

Reference 1 - 1.94% Coverage

the benefit for the institution itself is to improve the repayment rate and customer commitment

Reference 2 - 4.03% Coverage

Fadi speculates that the financial technology companies will devour the traditional financial services in the bank / lending institutions, but certainly this option will need a long period of time,

Reference 3 - 4.26% Coverage

financial technology (Palpay, Jawwal). BP, Maalchat) within these applications, and the recent direction of the Palestinian Monetary Authority to reduce the use of cash will undoubtedly enhance this technology

Regulation and Safety

Most of our participants mentioned that all financial technology companies and banks have a high level of protection and security in the use of systems, as all banks and lending institutions in Palestine have systems that are licensed and approved by international programs. The same service provider, which is considered one of the best around the world in terms of security and cybersecurity, where everyone, without exception, has a firewall, and also everyone has an antivirus, especially Kaspersky and Bitdefender, which is one of the best ranked according to cnet.com site in all branches, offices and everyone they see That financial services technology companies also have these programs. This comes due to the regulations and regulations imposed by the supervisory authority in Palestine, which is the Palestinian Monetary Authority, which plays the role of the central bank, and it imposes all the necessary restrictions regarding the possession of these systems of high protection, and it is also imposed on these All institutions that organize their work The presence of the Compliance Department and the Risk Department, which are control departments that provide the Central Bank with all reports They are departments that enjoy complete independence.

For example, according to the interviews, all those interviewed have the same level of protection and express the same opinion in particular.

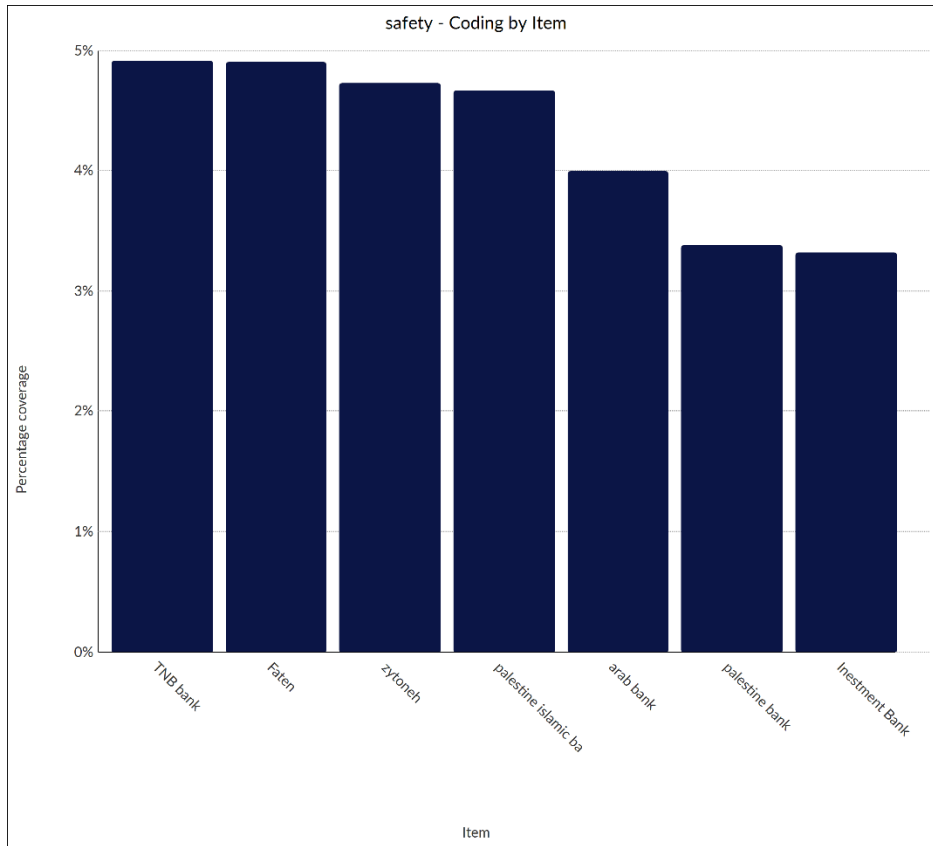


Figure 7 Safety

Saftey coddng

<Files\\arab bank> - § 1 reference coded [4.00% Coverage]

Reference 1 - 4.00% Coverage

Of course, it is safe, as the Arab Bank owns all the protection programs that are applied by the General Administration in Jordan - Amman. These programs are supervised by international companies, and huge sums are paid to invest in the security of customer data and money

<Files\\Faten> - § 3 references coded [4.90% Coverage]

Reference 1 - 1.23% Coverage

by using global protection programs licensed

Reference 2 - 2.21% Coverage

global protection program Bitdefender and the firewall from FortiClient company

Reference 3 - 1.46% Coverage

issue of security is very high for all institutions.

<Files\\Inestment Bank> - § 1 reference coded [3.32% Coverage]

Reference 1 - 3.32% Coverage

I think it is safe, as everyone has enough protection means and software, and everyone adopts licensed and approved software globally, not locally.

<Files\\palestine bank> - § 1 reference coded [3.38% Coverage]

Reference 1 - 3.38% Coverage

Of course, it is safe, as Bank of Palestine contains a wide range of protection systems, the most important of which are firewall and secure entry from outside the bank forti client

<Files\\palestine islamic bank> - § 3 references coded [4.67% Coverage]

Reference 1 - 0.98% Coverage

systems are collected from the Islamic bank, of course safe

Reference 2 - 1.58% Coverage

at the same time they provide an excellent protection wall for all banks operating in Palestine

Reference 3 - 2.10% Coverage

also do the universal bitdefender protection program on all devices, whether they are in the branches or in the administration

<Files\\TNB bank> - § 5 references coded [4.91% Coverage]

Reference 1 - 1.06% Coverage

security and safety in the banking system, it is very high,

Reference 2 - 1.13% Coverage

availability of firewall systems and access to the banking field

Reference 3 - 0.97% Coverage

infrastructure team specialized in information security

Reference 4 - 1.00% Coverage

licensed and paid antivirus on every side within the bank

Reference 5 - 0.76% Coverage

Fintech companies also have the same level

<Files\zytoneh> - § 1 reference coded [4.73% Coverage]

Reference 1 - 4.73% Coverage

I think it is safe. The Bitdefender antivirus is used, as well as the firewall from Forti Client, which is one of the best around the world, and local companies that have great cooperation with international companies are also used.

4.3.3 The Relationship between Fintech Companies and Financial Institutions

A previous study stated that the relationship between banks and traditional financial institutions is a competitive relationship with financial technology companies, as they share many services with them, and this is what creates this competition (Al-Ajlouni and Al-Hakim, 2018, pg. 7). This does not agree, or rather contradicts what was mentioned by the participants in the interviews that were conducted, as most of the participants expect competition, but not at the present time, but in the relatively long term, as lending institutions admitted that they will face fierce competition when activating the lending model of technology companies Finance, while banks are affected, but partially and simply at the present time.

Currently, according to what the participants from the Faten Foundation for Small Projects Finance and Al-Zaytouna Company for Islamic Microfinance have reported, the benefit is currently mutual, as these institutions use the services provided by these companies by disbursing small loans to their electronic wallets, and banks benefit by providing quick payment services to their customers. Through financial technology companies to increase efficiency and reduce costs, and they cooperate with them in order to obtain support, develop services and find good technological solutions. All interviewees confirmed that financial technology companies benefit in return from this relationship, which is that they access the databases of each assessment bank. With an agreement or cooperation to allow them in the future to obtain a broader customer base that may be at the expense of these banks, and this indicator puts the banks in front of difficult choices if these companies become a real competitor in all the services provided by the bank.

On the other hand, the participants mentioned that banks are developing all the systems they need to compete in the future. For example, Youssef from the National Bank mentioned that they have attracted expertise in the field of software development, and the Arab Bank is also developing itself in this field and at a fast pace. As for other banks such as Bank of Palestine, it depends on to develop Palpay in this field to achieve cooperation between them, as they are within one group and interests converge between them.

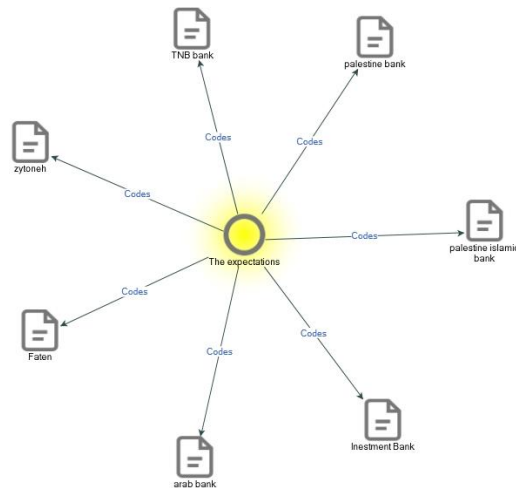


Figure 8 Expectation About Relationship in Future

As shown in the figure, there is a greater relationship and more expectation for cooperation and competition, and a greater strength for financial technology companies, which were among the lending institutions, which according to the participants' opinion, are able to compete and survive because they use technology in this field, which has an existential and fundamental impact on their work if they provide a lending model.

While the Islamic Bank and the National Bank expected that these companies are able to compete even their banking products due to the strong value offered by these companies in terms of being low-cost, safe and fast. In contrast, the Investment Bank and the Arab Bank did not expect a significant degree of impact on them, as they develop software capable of competing in financial technology market.

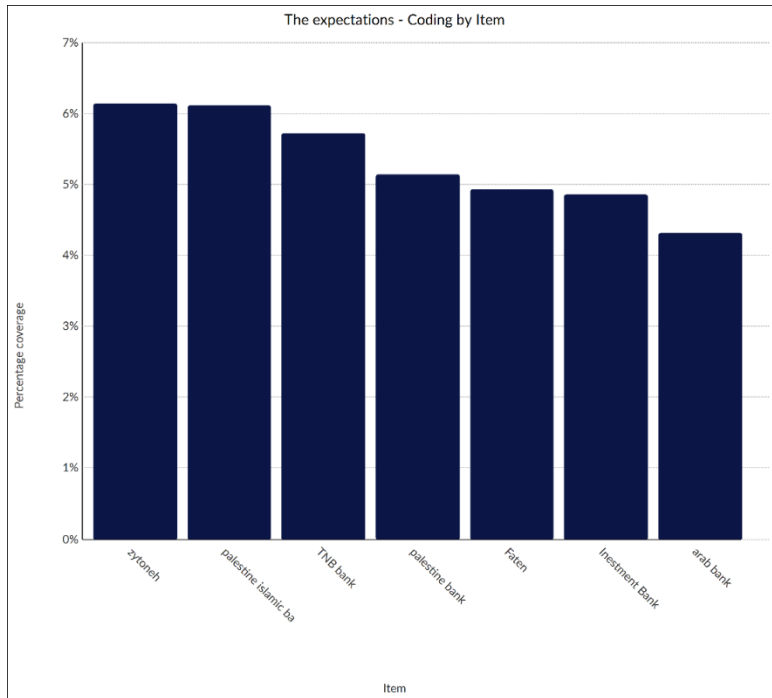


Figure 9 The Expectation Coding

4.3 Results and Discussing

5.3.1 Overview

This chapter explains the interpretation of the results analyzed in the first section, including evaluation of the impact of financial technology companies on financial institutions in Palestine, evaluation of the performance of financial institutions in terms of technology in Palestine, as well as a discussion of the conceptual framework and the results of hypothesis testing. The next section deals with the theoretical implications of the research. Finally, the final section outlines the boundaries of the research and anticipates upcoming contributions in the field.

5.3.2 Discussing the Results

Considering the importance of enhancing the technological role in the development of the banking sector and the impact of the use of financial technology by specialized companies in Palestine and its impact on traditional financial institutions such as banks and lending institutions, this study reveals not only the impact of these companies on financial institutions, but also sheds light on the relationship that brings these together. Companies with financial institutions, as well as the ways that banks and lending institutions take to protect themselves to achieve continuity of work and survival in the Palestinian market. At the same time, this study contributes to resolving the contradictory controversy about the relationship between companies specialized in financial technology and the banking sector and reduces future uncertainty regarding the success or continuation of financial technology companies in Palestine.

5.3.2.1 The Impact of Fintech Companies On Financial Institution Results

Based on the analysis of the results through interviews that were conducted with a group of specialists in the field of electronic channels, there is a relatively short-term impact on financial institutions by financial technology companies, and more specifically, lending institutions are affected more than banks, which are companies specialized in the field of small and medium lending. It does not own any financial product other than the loans themselves. Therefore, activating the lending model through e-wallets will harm these institutions directly and eloquently.

On the other hand, at the level of banks, there is an impact on the level of electronic payment services, as financial technology companies in Palestine offer electronic payment methods that have better flexibility and cost than banks, as these companies have

a larger base than companies and organizations for electronic payment and also have flexibility and use modern and secure technology in payment operations. Even the level of commissions and fees, they are few and in most cases the user gets returns on the payment process, and on the other level the banks are affected through their database, which becomes exposed to some extent in the electronic payment companies where they get information about the customers of each bank and get Demographic information and other information related to their consumption behavior.

All of these factors confirm that there is a clear and real impact, and this influence increases with the advancement of the technological world and the entry of future generations into the banking field in Palestine. Problems with the banking system and other infrastructure hinder the development of successful fintech companies in Palestine. Palestinians living in exile are more inclined to create financial technology products. In light of the country's dire economic situation, its separation from the global financial system, and the regulatory enforcement of international agencies that criminalise normal financial transactions that originate from or lead to Palestine, other metrics of success are necessary (Abugamea, 2018).

Although there are firms in Palestine that provide financial services, there are currently no true non-bank fintech services. This is despite the fact that there is entrepreneurship in the sector of digital currency conversion from local dealers. The Bank of Palestine has both online and mobile banking applications that can be accessed from a computer or smartphone, and it also collaborates with PalPay, a fintech startup with a clever name that was founded by the Bank of Palestine and PCNC Solutions to provide a basic e-wallet service that includes utility payments, more than 6,000 points of sale within Palestine, and transfers between users (Al-Hila *et al.*, 2017).

This company first opened its doors in 2010 with the intention of delivering Arabic-language information services to the Middle East and North Africa (MENA) region. The company states it has self-funded itself and is now providing an English language content platform. Although it is not a true fintech company, it does provide automated financial information services to its clients. With the use of point-based games, Gamiphy is an online marketing platform and service that helps to increase user engagement and gathers valuable marketing information. Polls and similar forms may be used to collect user preference data, and online communities and crowdsourcing efforts can be recognised via the awarding of badges (Alatrash, 2018).

5.3.2.2 Attitudes Towards Fintech Companies Related Result

The main objective of this study is to explore the impact of financial technology companies on traditional financial institutions, but it is necessary to delve into the current and expected relationship in the future, as the axes were found through which to infer the size of this impact now and in the future, the most important of which is the current cooperation between these companies and financial institutions, where Through the interview, it was found that the relationship with the lending institutions is a complementary and strong relationship, and it benefits both parties. The results showed that the lending institutions disburse loans to the portfolios of these companies. The role that these wallets play is in the possibility of purchasing through them and getting the best offers from several different stores at competitive prices. In turn, this cooperation with lending institutions is reflected in the rapid spread of wallets for financial technology companies, and they can benefit more from the database they obtain, not to mention benefit from subscriptions Exhibitions through which people buy, on the other hand, the

investment bank and coffee Like the Arabs, they are the least cooperative due to the fact that these banks are currently producing competing technology for financial technology companies, and this is normal in not showing seriousness in cooperation. As for the rest of the participants from other banks, they have cooperation by taking advantage of electronic payment areas through these wallets, which contributes to the service their customers.

As for the challenges and opportunities, this axis appears with the progression of time through that this challenge increases for financial institutions, whether they are banks or small lending institutions, and it poses an existential threat to small financial institutions and partially affects the transactions provided by the bank, and the opportunity for financial technology companies to achieve progress increases. With the emergence of a new generation of Palestinians, they are more able to deal with modern technological applications.

5.3.2.3 Safety

The results also showed that all institutions and financial technology companies use approved and licensed protection systems and are subject to all necessary types of supervision from the regulatory authorities represented by the Palestine Monetary Authority, as it is the regulator of the financial sector in Palestine.

5.3.2.4 The Relationship Between Fintech Companies and Financial Institutions

The results also showed that the relationship that governs these financial companies and financial institutions is a complementary relationship at the present time, but it is a relationship that can be transformed into a competitive relationship at the near level. The

results show that banks may turn into financial technology companies if they continue to develop their own systems considering the progress of the industry. financial technology

The results show that there is a high expectation for the success of financial technology companies in Palestine, and that technology is the primary controller in attracting customers and achieving satisfaction with any financial institution in Palestine, on the other hand, the results show that banks have begun to develop their own systems more rapidly than ever due to the importance of technology in the banking field.

Chapter 6: Conclusions and Recommendations

6.1 Overview

The first section in this chapter draws the conclusions of the research findings, following a set of recommendations which are developed based on the discussed conclusions.

6.2 Conclusion

The financial industry is now grappling with a matter that is highly timely and topical: fintech startups. Notwithstanding the little study that has been done on Fintech businesses and the effects they have on traditional financial institutions. This study's objective was to explore the extent to which Fintech businesses are influencing the financial institutions that are in Palestine. The daily headlines and arguments regarding Fintech businesses and their future ratcheted up the tension, which in turn piqued our interest in this issue. Previous research regarding Fintech businesses did not consider the influence these companies may have on existing financial institutions or what the future holds for these institutions. Because of this, there is a primary issue that must be addressed, but the literature on this subject has been neglected and there is very little of it.

The term "Fintech ecosystem" refers to the combination of new technology and financial services with start-up businesses and the infrastructure that supports them. The industry of financial services is gradually transitioning to the use of new technologies and tools to carry out its responsibilities and develop fundamentally new solutions that clients are interested in adopting. There is a vast array of innovative financial technologies that have made their way into the manufacturing industry (which includes retail,

telecommunications, medicines, and agriculture), and these technologies have a substantial influence on the financial services industry (including financial lending and accounting services). Their strong connection is built on providing operational answers to developing legal difficulties, such as increasing the speed and breadth of the marketing of fintech goods, as well as providing full solutions to security concerns, and enhancing the public's financial literacy.

The impact that fintech is having on traditional banking and financial services is helping to propel the expansion of this sector. It is no longer unheard of for a modern bank to have an internet site, a mobile version of the site, and an account for each of its clients; in fact, the user expects the bank to provide these services as a matter of course. It won't come as a surprise to anybody that one may pay utility bills and fines online now that this option is available. What traditional financial institutions are only interested in experimenting with, fintech companies are already creating. Because of the competition between new financial companies, it is more probable that certain concepts will become established while others will not. To be able to compete with fintech businesses, banks need to either instantly reorganize themselves or work together with financial technology companies when they enter a new market. Despite their differences and the difficulties, they face, financial technology companies and banks may benefit from working together. Throughout their extensive histories of providing services to consumers, banks have been instrumental in the development of the infrastructure of the financial industry.

In this article, the establishment of fintech start-up companies is investigated to see whether these companies influence the performance or default risk of financial institutions. According to the findings of our study, new financial technology companies have a beneficial effect on the accounting and market performance of established

financial institutions. Earlier research (Vives, 2019) shown that when financial institutions are put under pressure from their rivals, they shift their approach to how they do business. When competing against fintech companies, financial institutions may be able to improve their performance by collaborating and integrating with fintech companies (Hornuf et al., 2020). Because of this, we have discovered that the systemic risk posed by financial institutions is decreasing as an increasing number of fintech start-ups enter the market. According to the findings of this study, traditional financial institutions may be able to gain from technological spillovers when fintech companies offer them with novel technical solutions (Blalock and Gertler, 2008; Newman et al., 2015).

The risk of default is decreased because of developments in technology and the introduction of new business models that improve the efficiency of risk management. The Industrial and Commercial Bank of China (ICBC) used digital technology in 2018 to prevent around 900,000 potentially problematic transactions, which resulted in a reduction in the bank's total credit risk (Cheng and Qu, 2020). It is possible that the decentralized, real-time transactions made possible by blockchain, and cloud computing may assist financial institutions in better risk management and in reducing the amount of risk that they contribute to the overall system. Cloud computing and blockchain technology. The implications of these restrictions on our results are self-evident. Fintech start-ups have a positive impact on the performance of existing financial institutions; however, this may not be the case for large technological corporations such as Alibaba, Alphabet (Google), Amazon.com, Apple, and Tencent, all of which have recently begun to incorporate financial services and offer them to their customers. These companies not only have ties to a big section of the real economy, but they also have a major impact on

the economy due to the role they play in the system. As a result, Amazon has its own payment system known as Amazon Pay, a lending business known as Amazon Lending, and a cloud computing service known as Amazon Web Services (Amazon Web Services). Even though different organizations are responsible for each service, it is impossible for anybody to forecast how the failure of a single service will impact the others. Therefore, large technical corporations may have a negative effect on the performance of financial institutions, not only because of their size and market power, but also because of the influence that they have on the risk that is posed to the system.

During the periods 2005–2011 and 2012–2018, the performance of financial institutions was under pressure from fintech start-ups, even though the favorable link has not yet completely disappeared. Therefore, further research may investigate whether this link still exists, in addition to the impact of large technical corporations on the performance and default risk of financial institutions. Furthermore, information systems and finance experts may be able to dissect the pathways via which fintech affect the performance and default risk of conventional financial institutions.

6.3 Recommendation

In light of the results of the study, several recommendations are made for financial institutions in Palestine. Continuous development of technological systems and the IT infrastructure in the relevant internal departments specifically, through the adoption of the latest technology used in the financial technology field, as this point is one of the most important things that make these institutions able to continue in the market and competition and this is reflected in achieving a high degree of satisfaction Customers for each financial institution, in addition, we recommend training employees or attracting

competencies in the field of electronic channels and electronic payment services. On the other hand, we recommend financial institutions, if they do not want to develop the technological environment, to invest in one of the financial technology companies or acquire assets from them as they are the promising future in the banking industry. On the other hand, this study sheds light on the contribution of mutually beneficial relationships with between financial institutions, such as banks or lending institutions, with financial technology companies at the present time, as it reflects positively on all of them, and we do not recommend staying alone and blocking cooperation outlets. Traditional financial institutions only develop the current technology, but rather build strong relationships with financial technology companies because it is a reality coming soon,

At the same time, lending institutions are specifically advised to create platforms or applications to disburse loans as a real means of electronic payment, because they are most affected if financial technology companies provide this service to their customers without referring to them, especially since the costs of lending to the lending institutions themselves are expensive because they borrow And re-lending either in financial technology companies is lending through a person to person or through a company to a person without incurring additional costs.

Banks are advised to pay particular attention to the development of ATM services at the present time and points of sale and currency devaluation on them to strengthen the relationship with customers in the future and direct customers to take advantage of electronic payment services through the bank's own channels, as it does not require any additional costs on the bank or on This slows down or prevents the customer from moving to other companies or banks.

6.4 Future Discussion

We decided to conduct qualitative research because we were interested in gaining a more in-depth comprehension of the impact that Fintech companies have on financial institutions. The notion of financial technology companies is still somewhat novel. Our conclusions are predicated mostly on the researchers' hypotheses, in addition to certain recent technical advancements; nonetheless, there is no definitive evidence that these factors influence profitability. Because of this, more research may be carried out in the not-too-distant future when the impact is more readily visible. Because of this, more research will either validate or refute our findings, and it will also provide us with new insights and consequences that we were not even aware were a possibility. According to us, to study the new challenges that financial institutions face as a direct result of the rise of Fintech companies, additional qualitative research must be conducted, with a particular emphasis placed on certain sizes and types of banks, such as investment banks, as well as solely on insurance or pension funds. In the not-too-distant future, it could be possible to carry out further qualitative study centered on a particular FinTech service and the impact that it has had on banks or insurance companies. It is possible that in the future qualitative studies will be conducted to further investigate the effect of Fintech companies on other types of financial service providers, such as brokerage firms, as well as the impact of new entrants on auditing and accounting organizations. Because larger financial institutions have large client bases and the potential to simply acquire certain Fintech startups to enhance their services, it is possible that more research on small financial institutions will be feasible in the future. This is because small financial institutions may be more affected by new entrants than larger financial institutions. In addition, the majority of respondents said that they have acquired Fintech firms or had plans to do so in the near future. In

further study, it may be possible to quantify the effect on the acquirer as well as the target, and research that focuses on a specific market sector may yield even more accurate findings. A significant benefit of quantitative research in general is that it may make use of bigger samples and focus on a wider market than only Palestine. This is one of the reasons why quantitative studies are so popular. A quantitative investigation may include any region of Europe at the researcher's discretion. Because just four companies have such a strong hold on the market, new competitors trying to break into the insurance industry face significant barriers to entry. A different country that has more insurance companies and, as a result, greater competition would be a preferable place for future research. This choice might have even more profound ramifications than the merely technical ones that we discovered.

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Appendix

1.9 Interview Questionnaire

The first axis: general questions

1. How would you define FinTech companies in Palestine such as Maalchat & jawwal pay palpay?
 2. What is your opinion of financial technology companies in Palestine?
-

The second axis: the impact of financial technology companies

3. Do financial technology companies affect any sector of banks/credit institutions in Palestine?
 - If yes, which part?
 - If no, what part do you think might be affected by fintech companies in the future?
-

The third axis: cooperation and competition

4. Is your bank/lending institution moving towards cooperating with financial technology such as Paypal, PALPAY and Maalchat? Why do you think?
5. Do you think fintech companies are eager to cooperate with you?
6. Are FinTech Companies Competitors, Suppliers, or Complements? why?
7. Do you think that fintech companies are competing with your bank/lending institutions? And why do you think?

8. Do you think that some applications of fintech companies such as a mobile application or two wallets of PALPAY or payment systems such as payment system and P2P platforms are serious competition for your bank / lending institution?

Fourth Axis: Challenges and Opportunities

9. Do you think FinTech companies are a challenge to your bank/lending company?

If yes, what is it? What should be done to tackle this challenge?

10. What are the reciprocal benefits that can be between your bank/lending institutions and the Fintech company?

11. What scenario do you think is most likely to happen?

a. Fintech companies will gobble up the traditional financial services of the bank/lending institutions.

B. Fintech companies will be acquired by traditional banks/lending institutions

c. Fintech companies will fail in Palestine.

Fifth Axis: Business Model

12. Does your bank/lending institution have the ability to adopt the new technology (financial technology)?

13. Has your bank changed any of the following items?

a. Channels: Ways to reach customers. yes

B. Customer Relations: To maintain the relationship with customers. no

Sixth Axis: Safety

14. Do you think that using FinTech services may be unsafe for clients? why?

Seventh Axis: Organized

15. What do you think banks and lending institutions should do to protect themselves against fintech companies?

Eighth Axis: Opinion

16. Do you think there is any FinTech company that is doing well in Palestine? why?

The ninth axis: the conclusion

17. What do you expect the future of banks / lending institutions to be?

18. Do you think fintech companies will replace financial institutions?

19. Do you agree with some researchers who expect banks to act as the back office for fintech companies in the future?

1.10 اسئلة المقابلة باللغة العربية

المحور الأول: أسئلة عامة

1. كيف يمكنك تعريف شركات التكنولوجيا المالية في فلسطين مثل Maalchat & jawwal pay palpay ؟
2. ما هو رأيك بشركات التكنولوجيا المالية في فلسطين؟

المحور الثاني: تأثير شركات التكنولوجيا المالية

3. هل تؤثر شركات التكنولوجيا المالية على أي قطاع من البنوك/ مؤسسات الاقراض في فلسطين؟
- إذا كانت الإجابة بنعم ، أي جزء؟
- إذا كانت الإجابة "لا" ، فما هو الجزء الذي تعتقد أنه قد يتأثر بشركات التكنولوجيا المالية في المستقبل؟

المحور الثالث: التعاون والمنافسة

4. هل يتجه البنك / مؤسسة الاقراض التي تعمل بها نحو التعاون مع التكنولوجيا المالية مثل جوال باي وبال بي وMaalchat؟ لماذا برأيك؟
5. هل تعتقد أن شركات التكنولوجيا المالية حريصة على التعاون معكم؟
6. هل تعتبر شركات التكنولوجيا المالية منافسة أو موردة أو مكملة؟ لماذا؟
7. هل تعتقد أن شركات التكنولوجيا المالية تتنافس مع البنك / مؤسسات الاقراض التي تتعامل معها؟ ولماذا برأيك؟
8. هل تعتقد أن بعض تطبيقات شركات التكنولوجيا المالية مثل تطبيق جوال او محفظتي بال بي او انظمة الدفع مثل نظام الدفع و P2P منصات منافسة جادة للبنك / مؤسسة الاقراض الخاصة بك؟

المحور الرابع: التحديات والفرص

9. هل تعتقد أن شركات التكنولوجيا المالية تشكل تحديًا للبنك / شركة الاقراض الذي تعمل بها؟
- إذا كانت الإجابة بنعم، ما هو؟ ما الذي يجب عمله لمعالجة هذا التحدي؟
10. ما هناك منافع متبادلة يمكن أن تكون بين البنك / مؤسسات الاقراض الخاصة بك وشركة التكنولوجيا المالية ؟

11. ما هو السيناريو الذي تعتقد أنه من المرجح أن يحدث؟

- أ. سوف تلتهم شركات التكنولوجيا المالية الخدمات المالية التقليدية في البنك / مؤسسات الاقراض.
 ب. سيتم الاستحواذ على شركات التكنولوجيا المالية من قبل البنوك / مؤسسات الاقراض التقليدية
 ج. ستفشل شركات التكنولوجيا المالية في فلسطين.

المحور الخامس: نموذج العمل

12. هل يمتلك البنك / مؤسسة الاقراض التي تعمل بها من القدرة على اعتماد التكنولوجيا الجديدة (التكنولوجيا المالية)؟
 13. هل قام البنك الذي تتعامل معه بتغيير أي عنصر من العناصر التالية؟
 أ. القنوات: طرق الوصول إلى العملاء. نعم
 ب. علاقات العملاء: للحفاظ على العلاقة مع العملاء. لا

المحور السادس: السلامة

14. هل تعتقد أن استخدام خدمات FinTech قد يكون غير آمن للعملاء؟ لماذا؟

المحور السابع: منظم

15. ما الذي ينبغي أن يفعله البنوك ومؤسسات الاقراض في رأيك لحماية انفسهم ضد شركات التكنولوجيا المالية؟

المحور الثامن: الرأي

16. هل تعتقد بوجود أي شركة في مجال التكنولوجيا المالية تعمل بشكل جيد في فلسطين؟ لماذا؟

المحور التاسع: الخاتمة

17. ماذا تتوقع أن يكون مستقبل البنوك / مؤسسات الاقراض؟
 18. هل تعتقد أن شركات التكنولوجيا المالية سوف تحل محل المالية المؤسسات؟
 19. هل تتفق مع بعض الباحثين الذين يتوقعون أن تقوم البنوك بدور المكتب الخلفي لشركات التكنولوجيا المالية في المستقبل؟

الملخص

العصر الحالي يتطور بسرعة تحت تأثير التكنولوجيا الرقمية. تلعب التكنولوجيا الرقمية دورًا حيويًا في تحسين القطاع المالي حول العالم. تهدف هذه الدراسة إلى مناقشة تأثير شركات التكنولوجيا المالية على المؤسسات المالية في فلسطين. حيث ستحدد الدراسة العلاقة بين المؤسسات المالية وشركات التكنولوجيا المالية بالإضافة إلى نطاقها المستقبلي. ستستخدم الدراسة تقنية التحليل الموضوعي على البيانات النوعية. في الخطوة الأولى ، سيتم إجراء مقابلات شبه منظمة مع ممثلين ذوي خبرة لبعض المؤسسات المالية المختارة في فلسطين. ثم في الخطوة الثانية ، سيتم إجراء التحليل الموضوعي على البيانات التي تم جمعها من خلال المقابلات. سيتم إجراء التحليل الموضوعي باستخدام برنامج NVivo . وأخيرًا سيتم استخلاص الخلاصة حول تأثير شركات التكنولوجيا المالية على المؤسسات المالية في فلسطين.