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**The Impact of Strategic Planning on Credit Risk Management of the  
Palestinian Banks**

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**This thesis was submitted in partial Fulfillment of the requirements for  
the Master's degree in**

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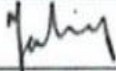
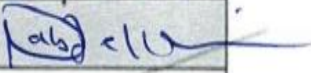
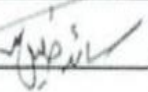
# The Impact of Strategic Planning on Credit Risk Management of the Palestinian banks

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This thesis was defended successfully on *December 31<sup>st</sup>, 2020*, and approved

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**Declaration**

I, the undersigned “submitter” of the master thesis with the title:

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I hereby certify that this submission is the result of my own work, except where otherwise acknowledged, and that this thesis (or any part of it) has not been submitted for a higher degree or quantification to any other university or institution. All copyrights are reserves to Arab American University.

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Date:	<i>December, 2020</i>

## **Dedication**

To the one who has the first and last credit, the guide, and the right path.

### ***God Almighty***

To those who said the truth about them, “And, out of kindness, lower to them the wing of humility, and say: "My Lord! bestow on them thy Mercy even as they cherished me in childhood.” (Al-Israa: 24)

### ***my mother and my father,***

May God prolong their lives and provide them with piety and chastity.

To those who instilled in me all the meanings of love and loyalty, and inherited in me all the motives of love and giving.

### ***my brothers and sisters & my sister's husband “Mohammad”.***

To those who are my heart, my joy and my life.

### ***The children of my sister, Hasan & Yaman.***

To the sincere hand that gave me directions and influenced the clarity of my vision, without which I would not have completed this research.

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**Abstract**

This thesis aims to investigate the effect of strategic planning on credit risk management (CRM) at Palestinian banks. The researcher uses the quantitative research approach through using correlation design to conduct this thesis. The researcher develops a specific purpose questionnaire distributed to a sample of (120) employees in the Palestinian banks at Ramallah and Al-Bireh governorate, Palestine (13 local and foreign banks of which three are Islamic banks).

The study results demonstrate that there was a high extent of CRM in the Palestinian banks and a high level of strategic planning. There is also a positive and significant statistical effect of implementing the strategic plans in accordance with the Basel II & III standards on credit risk CRM in the Palestinian banks. It also shows that there are some factors of CRM influencing the development of a strategic planning methodology for managing credit risk, and some of these factors have a positive effect on CRM. Likewise, the findings show that some factors have a positive and statistical effect on CRM in the Palestinian banks, while others don't have. In light of the thesis findings, the researcher recommends that there is necessity of developing and promoting good governance in the Palestinian banks to conduct more research on modern banking risk management, including operational risk management, market risk management, interest rate risk, and foreign exchange risk.

**Keywords:** Strategic Planning, Credit Risk Management, Government Stability, Banks' Competition, Organization Size.

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## **Chapter I: Introduction**

### **1.1 Research Background**

Nowadays, risk is an integral part of the banking sector activities, and credit risk is one of the main risks facing the bank, so its ability to define and manage the risks is important in determining its long-term profitability and enhancing its stability, hence the importance of risk management in achieving the growth and development of banks (Alshatti, 2015).

The importance of having strategic planning is one of the most important administrative processes in the work environment acts an essential role in achieving the bank's goals and strategies, and in the progress that can be made in the level of administrative and financial work for international and local companies alike. Since many individuals or companies resorted to requesting a credit to obtain funds from banks for the purpose of investing them in projects that achieve financial returns (Ariffin and Kassim, 2011).

Furthermore, this research examines the effect of strategic planning on the credit risk management in the Palestinian banks, where some economic projects that rely on credit can face the risks of financial failure or future underdevelopment due to their low financial ability and inability to fulfill their work. The importance of exploring the influence of strategic planning on credit risk comes from its ability to determine the size of the credit risks that banks may face, and its role in exploring the financial capacity of banks which can decide their ability to progress in the future (Abu Salah, 2007; Alshatti, 2015).

CRM (CRM) is one of the most important topics that bankers globally care about, especially during financial crises such as the one in Mexico at the end of 1994 and early 1995, and through financial crises in Southeast Asian countries Brazil, Russia, and Turkey (Hashad 2, 2005, p. 19). Likewise, the importance of CRM arises again during the global financial crisis 2007-2008 that exploded in September 2008 was considered the most severe financial crisis since the time of the great depression in 1929. The crisis began first in the USA and then spread to the rest of the world. In the USA during the year 2008, 19 banks went bankrupt, and at that time newer collapses were expected among the 8,400 American banks (Ashoub, 2011).

It became well documented that the most important reasons for the occurrence of those banking crises were increasing risks for banks on the one hand, and not managing them well in terms of planning on the other hand, and weak internal and external monitoring and controlling (national regulatory authorities), at the level of disclosure of the type and size of risks to which they are exposed and approaches of managing these risks (Abu Salah, 2007).

In Palestine, the banking sector suffers from a decrease in the volume of the banks' loans, which could be reflected in increasing job opportunities, reducing unemployment rates, and raising productivity that will achieve social prosperity. Moreover, loans are one of the banks' main resources in creating and improving financial performance. However, this policy was very low at its beginnings, since loans (between 1967 and 1990) were insignificant and had not exceeded 1% of the deposits (Al-Abadi, 1997), while this percentage has been increased to around 33% of the volume of deposits during the period (1993-2003) after Oslo Accords, whereas neighboring countries (such as Jordan and Israel)

had about 70% of deposits from loans. It is also perceived that the credits provided by Palestinian banks were in the form of a current debtor and accounted for approximately 53% of the total facilities for the year 1999 (MAS, 2000). It is worth noting that the credit ratio in operating banks in Palestine has decreased after the invasion of the Israeli troops to the Palestinian territories (Meqdad, 2004), but it has been increased after the Palestinian elections in the year 2006.

Furthermore, during the period 2007-2008, the Palestinian Monetary Authority adopted and launched a series of measures to restructure the Palestinian banking system to enhance local credit, by encouraging the Palestinian banks to invest more of their funds locally, by dumping into the credit market "lending" in the first place, along with tracking the rates of increasing loans. These measures have impacted the volume of lending since 2007 up until now where it has increased by 335% between 2007 and 2017 in the Palestinian banks. Also, the percentage of loans granted during the same period increased by more than 460% and kept at that rate (PMA, 2017).

In addition, Palestinian banks directed the largest part of their credit portfolio to finance consumer loans, which does not contribute to developing the economy and improving income or creating new job opportunities. This is a defect in the lending policy pursued by Palestinian banks (Abdel Karim and Nasr, 2018). Under the directions of the Palestinian Monetary Authority (PMA), Palestinian banks began in 2008 to form an era of consumer lending, along with the intense competition between banks for lending the same category of employees of the Palestinian authority, banks started a highly competitive framework that passed laws and instructions on lending and its ceiling (Harb, 2018).

Between 2008-2019, the Palestinian banks had a large bad loans and doubtful accounts where the debtors were unable to fulfill their obligations to the banks. Therefore, they faced instability which can be expressed through “bank failures, over-indebtedness and credit growth at the macro or micro-level (for some sectors or borrowing groups), poor quality of loans, asset price bubbles, lack of liquidity and diminished confidence in the financial system” (PMA, 2020). Thus, the importance of this research can be obvious to explore strategic planning impact on CRM in banks that operate in Palestine by tackling the strategic planning factors that influence the CRM in Palestine based on Basel II and III committee goals, which could clarify and cure the instability phenomena.

## **1.2 Research Objectives**

The study aims at examining the effect of strategic planning on CRM of the banks in Palestine. Thus, identifying the effect of strategic planning on CRM is the first step to help in creating stability in the financial sector in Palestine, where the findings could be an important reference to decision-makers and top managers at the banking sector in Palestine. Moreover, the study will serve as a scientific reference for future researchers, readers, and those who are interested in this topic, as it will tackle every important factor especially the Israeli occupation role, which has a deep impact on the Palestinian financial sector.

In addition, no current research has studied the major role of strategic planning on CRM before the end of the study - upon the knowledge of the researcher-, so the research objectives would be as follows:

- 1 To identify the level of CRM implementation in the Palestinian banking institutions.
- 2 To analyze the strategic planning level in the Banking Sector in Palestine.

- 3 To examine the effect of strategic planning in accordance with Basel II and Basel III on CRM in the Palestinian banks.
- 4 To investigate the relationship of internal and external factor on strategic planning methods in managing credit risk in the Palestinian banks.
- 5 To identify the most significant factors influencing CRM.
- 6 To examine the effect of strategic planning on CRM at the Palestinian banks from top management (branch manager, general and department directors') point of view.

### **1.3 Research Questions**

The main question:

**What is the effect of strategic planning on CRM in the Palestinian banks?**

This question is divided into several sub-questions, as follows:

1. What is the degree of credit risk in the banking sector in Palestine?
2. What is the level of strategic planning in the banking sector in Palestine?
3. What is the impact of the strategic plans implementation in accordance with the Basel II and III standards on CRM in the Palestinian banks?
4. What are the factors of strategic planning influencing CRM at the Palestinian banks?

### **1.4 Research Problem**

The research problem lies in exploring the reality of strategic planning and CRM systems by reflecting them on Basel II and III agreements on managing credit risks, and finding out elements affecting strategic planning and eventually impacting CRM in accordance with banking supervision standards and guidelines on the Palestinian banks.

## **1.5 Significance of the Study**

The importance of the study stems from both scientific and practical importance:

### **1.5.1 Scientific Importance**

- The researcher in this thesis will develop an integrated framework that helps the Palestinian banks to develop CRM systems based on the international standards of the new capital adequacy framework.
- The results of this study are an important reference to provide elements of sound management to banks in facing credit risks.
- Bank credit is an increasingly risky operation at the present time. Therefore, by studying CRM, the research could find out an important tool to reduce the losses incurred by banks due to loans that lead to the loss of material reality.

### **1.5.2 Practical Importance**

- The necessity of using modern and well-developed approaches and methods to identify credit risks and evaluating the credit risks in the Palestinian banks.
- To stimulate the Palestinian banks for developing accounting and information systems, and the implementation of efficient internal control systems, which could identify, measure, evaluate and control credit risk.
- To stimulate the Palestinian banks to increase the degree of disclosure and transparency "market discipline" to participants in the banking industry, especially in the area of CRM.

## **1.6 Definition of Terms**

The following table shows the most important terms that have been used in this study.

**Table (1.1): Definition of Terms**

<b>Term</b>	<b>Definition</b>
<b>Credit Risk</b>	The loss that results from a debtor's failure to fully implement its obligations to the bank (Mekasha, 2011).
<b>Strategic Planning</b>	the general objectives of the initiative, which results in the emergence of many plans to make up the general goal that governs all the resulting decisions, and it unifies the goal of employees to achieve the organization goals to be reached (Taylor, 2018).
<b>Government Instability</b>	Government instability has a potential of influencing macroeconomic, mesoeconomic and microeconomic fields by producing the political uncertainty and risks and also by preventing the economic units from predicting the future in an accurate manner (Sanhsoy, et al., 2017).
<b>Banks' Competition</b>	Bank competition might arguably spur efficiency gains (through, for example, lower credit costs, improved operational and risk management practices, or better allocation of capital), and it thus might contribute to higher potential growth and translate into sounder credit portfolios. However, it might also encourage additional risk taking by financial intermediaries, making banks more fragile in the face of economic fluctuations and deterioration in the quality of credit books (Brock and Suarez, 2000)

<p style="text-align: center;"><b>Perceived Environmental Uncertainty</b></p>	<p>A firm's functional level activities with their inability to predict the future states, effects, and responses due to lack of information and uncertainties specific to components of the firm's environment. This situation creates confusion in decision making and permeates to lower levels of performance (Ghosh, et al., 2014: 32).</p>
<p style="text-align: center;"><b>Organization Size</b></p>	<p>Is defined as the number of employees at any given geographical location, this would include the total corporate organization if it is in one geographical location or a division of a decentralized corporation (Lal, 1991)</p>
<p style="text-align: center;"><b>Perceived Risks</b></p>	<p>the negative consequences that may arise from customers' actions lead to an important and well-established concept in consumer behaviour: 'perceived risk' (Lafraxo, et al., 2018).</p>

## Chapter II: Literature Review

### Concepts of CRM and Strategic Planning in Banks

- **Credit risk** is the loss that results from a borrower's failure to fully implement its obligations to the bank (Mekasha, 2011). Also, credit risk is the potential loss resulting from the borrower's inability to pay the amount of the original borrowed amount and its interest to the lending bank on the due date specified in the credit contract (Moftah, 2007).
- **Strategic planning** is a Long-term planning which considers all external and internal factors, and identifies all target segments and sectors, in addition to the methods of competition. According to Taylor (2018), strategic planning is the response to a question of where we are going, taking into account the future vision of the institution and the relations of integration and linkage between all aspects of the organization, in addition to the various activities that it undertakes and the relationship that links the organization with the surrounding environment. Also, strategic planning is defined as the general objectives of the initiative, which results in the emergence of many plans to make up the general goal that governs all the resulting decisions. Strategic planning also unifies the goal of employees to achieve the organization's goals. (Taylor, 2018).
- **The bank** is an institution that obtains the approval of the government authorities in order to accept financial deposits, pay the value of checks, provide various loans to individuals and establishments, and participate as an intermediary in financial transactions and services (Business Dictionary, 2017). The bank is also defined as an organization that provides people and institutions with the ability to invest money in it, borrow money, or switch between currencies (Dictionary Cambridge, 2017).

Among other definitions of the bank is that it is a financial institution that holds a legal license that allows it to provide financial loans, receive deposits, and provide financial services, such as currency exchange, wealth management, and the provision of financial deposit funds of the safe.

Basel Committee for Banking Supervision was formed by a group of ten industrialized countries at the end of the year 1974 and it is a technical advisory committee that is not based on any international agreement. The decisions and recommendations of the committee are to lay out the appropriate principles and standards for banking supervision, with reference to models of good practices in various countries, aiming to motivate countries to follow these principles and standards.

Basel Committee aims to achieve three main goals (Abdul Hamid, 2003)

1. Minimum limits report for the capital adequacy of the banks.
2. Improving the technical methods of controlling the banks' industry
3. Facilitating the process of exchanging information related to the procedures and methods of monetary control of banks.

## **2.1 Theoretical Framework**

In this section, the researcher will explain the theoretical framework by using contingency theory (Wright et al., 1994) where he argued that there is an association between the high financial returns and the strategic planning of the organization and he perceived in his theory that there is a relationship between the organization's environment and the implementation of strategic planning, and he emphasized that there is a relationship between the organizational financial performance and the strategic planning (Porter, 2008; Wright et al., 1994).

Furthermore, the TOE (Technology, Organization, and Environment) framework (Tornatzky et al., 1990) could be utilized in this study to explore the technological, organizational, and environmental context around the strategic planning that could affect CRM at the financial institutions in Palestine as a result. Where in this research from the organizational context perceived environmental uncertainty, perceived risk, bank's competition, and organization size have been derived, also, from the environmental context, government instability has been explored. Defining the variables of the study model will reveal the impact of strategic planning on CRM within the Palestinian banks.

## **2.2 Basel II and III**

### **2.1.1.1 Basel II**

Basel II is an international financial standard that enables banks to better identify and assess their risks. It represents a new culture in the banking framework, and towards financial risk management in the face of internal and external shocks. It is also considered as a semi-integrated business guide for managing bank risks for effective internal and external monitoring of banks (Badran, 2005, p. 10).

#### **Objectives of the second Basel Agreement**

Basel II works to maintain the stability of the global banking system and achieve equality in terms of competition between international banks. In its endeavor to achieve this goal, the Basel Committee has outlined a set of goals (Hashad, 2005, p. 15):

1. Development of methods for measuring and managing banking risks.
2. Reconciling as much as possible between the required capital and the size of the risks to which the bank is exposed.

3. Increasing the degree of transparency in relation to the risks to which the bank is exposed and the necessity of providing enough information in a timely manner to the customers as they share the bank with the risks to which it is exposed.
4. Control of total risks, whether by capital requirements or through a regulatory review, such as interest rate risk on the bank's portfolio (Antoine, 2004, P: 15).

### **The main pillars of the second Basel Convention**

The Basel II agreement is based on three main pillars (Braish, 2006, p. 123).

- 1. Minimum Capital Requirements:** capital adequacy, which is the method used by the owners and management of banks to achieve balance between the risks that the bank expects and the size of the capital (Al-Zaidani, p. 140). This pillar is based on three main elements which are: making some adjustments to the methods of measuring credit risks compared to the Basel Convention, the development of a new direct method to deal with operating risks, and both market and credit risks included in the Basel Agreement.
- 2. Auditing of capital requirements.**
- 3. Market discipline:** This provides a set of disclosure requirements that allow market participants to evaluate information on credit risk and the size of banks' capital which help banks and observers to manage risk and instability, as well as converging market dumping with information that is difficult to analyze to use while identifying the actual size of the risks the banks may face (Dimitris, 2004, P: 84).

## **Basel II Failure**

Basel II has failed to address some supervisory weaknesses in a number of important issues such as the lack of a unified definition of the quality of capital, determining ceilings for credit, having common standards for liquidity, and not absorbing the excessive risks of the market in the area of trading operations and financial derivatives, which rose sharply between major banks. Therefore, Basel II did not fully meet its intended purpose.

### **2.1.1.2 Basel III**

In September 2009, Basel Committee for Banking Supervision issued new reforms that touched the banking sector after the financial crisis in 2008. The Basel standards called three "blocking pillars", which constitute a cornerstone for banking reforms entered into force in 2013 through stages and extending until 2019.

#### **Basel III Core Themes**

1. Higher capital requirements and better quality.
2. Leverage index: is a supportive measure for the internal framework or methods for measuring risks according to the Basel II agreement, and the leverage rate indicator will help to build the construction process for excess solvency in the banking system. (Basel III, 2011, P: 61)
3. Credit risks related to financial derivatives and the processes of repurchasing treasury bonds and securities: The Basel Committee emphasizes through this dimension to cover the risks of the corresponding borrowers arising from operations on derivatives and debt securities financing, as well as to cover losses resulting from a revaluation of financial

assets in light of price fluctuations in the market by means of strengthening capital requirements by more than in Basel II decisions (Issued, 2010, p. 106).

4. Liquidity: This has great importance in the functioning of the global financial and banking system.

### **Importance of Basel III**

Basel III presented a variety of new concepts in global control standards that relied on the results of lessons learned after 2008, in addition to the findings of research and reflections by the authorities of Global Banking Supervision. Some of the major reforms have been made to Basel III, such as raising the shareholder equity in the basic capital. The concept of strengthening capital reserves was also developed to counter periodic fluctuations. However, Basel III recognized that liquidity is not less important, but may exceed the importance of capital for the safety of banking institutions, and determining a ceiling to benefit from financing services from financial institutions, which restricts banks from excessive risk-tolerance.

Moreover, Basel III has improved some areas such as credit risk to counterparties, and the market value of credit in the event that the creditworthiness of the counterparty declines, etc. These measures are expected to strengthen risk management and governance and oversee activities such as securitization, re-securitization, and credit derivatives. Applying Basel III standards on the Palestinian banks is still inapplicable according to the Palestinian Monetary Authorities and based on a study published in 2016 by Alfarra and Xiaofeng where in which they emphasized that it's still hard to measure CRM in the Palestinian banks using Basel III standards. (Alfarra et. al., 2016; Alfarra and Xiaofeng, 2016).

### 2.3 Strategic Planning

It is important to study strategic planning elements to have a clear view, and to understand the effect of these items on CRM. In this respect, Al-Hilali (2006) confirms that the strategic planning methodology consists of the following elements:

1. **Beliefs:** It represents expressions of values, beliefs, and obligations; they're the values that individuals who make up different institutions believe in so that they do not deviate from them, no matter how different places or circumstances in which they find themselves in.
2. **The Mission:** It expresses the goal and the job of the organization's existence. It also represents the cornerstone of the strategic plan.
3. **Policies:** It is used within the framework of the strategic planning objectives of the institution.
4. **Internal Analysis:** The internal analysis includes aspects of strength and is represented in the existing elements that support the institution's mission, where the areas of weakness are those factors that likely prevent the institution from achieving its mission.
5. **External Analysis:** This includes the analysis of the external environment and includes an examination of opportunities and risks in environmental trends, and technological, economic, population, legislative, political, cultural and social prediction.
6. **Competition:** This is represented by planning for the future that is necessary to measure competition between the institutions which provide the same service in the region. When the institution follows the organization of planning through analyzing

the competition, it will reach the point of departure towards developing the goals and strategies required to support the mission to accomplish the vision of the institution (Chorafas, 1999).

Based on the definitions of the strategic planning elements above, Strategic planning in the financial institution is considered as a crucial method to strengthen the banks' position in the market. Studying the strategic planning in the banks that operate in Palestine enables maximizing the use of the available resources and helps managers to devote and consolidate the culture of strategic planning in their organizations to become an integral part of the general culture of the banks. Also, strategic planning emphasizes the concept of employees' participation in strategic planning to particularly provide training opportunities for workers in the banks.

#### **2.4 An Overview of CRM in Palestine**

The banking sector has become an important and influencing sector in modern economies and contributes to the formation of the total added value of the economy, but this role differs from one country to another according to the extent and development of the banking sector, the efficiency of its role, and the depth of the link between it and the real economy. Thus the majority of developing countries, and from within Palestine, is directly dependent on the banking system for financing development and providing the necessary liquidity for various economic activities.

The banking industry is based on its content on the art of banking risk management. As the bank accepts a greater amount of risk; it succeeds in achieving a greater amount of profits. Therefore, risk management means the beginning of identifying, determining, controlling, limiting the type of risks faced by the bank. In the event of their occurrence

and due to the escalation of banking risks, thinking began in jointly researching among the central banks in many countries, based on coordination between the regulatory authorities to reduce the risks to which the banks are exposed. In the first step at the direction of the Basel Committee on Banking Supervision from the group of industrialized countries, it was formed under the supervision of the Bank for International Settlements.

The Palestinian banks were able to keep pace with global developments, and this is noticed in the services provided and the speed of their expansion, and the Monetary Authority had an important role in assuming responsibilities. They are as follows: Accepting deposits with or without interest, providing direct or indirect credit facilities, providing funds transfer services inside and outside Palestine, buying and selling foreign currencies, issuing credit and payment cards, local checks for trading, and checks Tourism, providing banking services in accordance with the provisions of Islamic Sharia, preserving and managing valuable holdings and securities, providing information services to clients, portfolio and investment, providing banking consulting services to clients, documentary credit service, issuing letters of guarantee, and savings accounts (MAS, 2000).

The Palestinian Monetary Authority as the central bank, with exception of issuing cash, plays a prominent role in credit policy, just like central banks, where it supervises and balances between different entities. In a study on the role of the central bank in credit policy, "the central bank or the bank supervising authority is considered Its owner has the responsibility to give the element of flexibility between the various elements, and that is by raising the value of bank interest on credit, which encourages savings and reduces the demand for funds and credit, and that is in the event that banks reach the point of not being able to increase the money supply Its need for funds, and the opposite occurs if there is an

excess of funds with the bank” (Smith and Schreft ,2002). The Palestinian Monetary Authority has been entrusted with heavy tasks of supervising, establishing and monitoring banks, in light of the rapid and large expansion of banks and the services they provide, with an interview. This is the recent experience of this institution, and the risks it faces under conditions of instability.

As expanding credit is the main activity of most banks, this requires them to pay attention to the credit capacity of borrowers when granting credit, as that capacity may change and decrease after a certain time period as a result of various factors, and thus their ability to repay is not considered, and credit risk or (The risk of a customer’s failure to fulfill his contractual obligations with the bank) is one of the most important risks facing banks, in addition to the credit concentration risks that arise because of the banks’ concentration of business with one customer or a specific group of clients or as a result of Blood diversification.

Since commercial, industrial, agricultural, and services sectors constitute the main economic components, as each sector contributes in building the national economy of the country, therefore each of them must obtain a share of credit in order to be able to keep pace with developments and play the expected economic role from it. While different sectors have their own problems in financing their needs, some of which have found their share and others have not, due to the specifications of each of them, where most researchers found that the commercial sector obtained the lion's share in the field of the Palestinian credit market, and this sector does not face problems in obtaining credit because its need is limited to the short-term funding. The sector earned 247 US million dollars, accounting for about 18% of the total loans granted by the banking system (Issa, 2004).

## 2.5 Factors Affecting CRM in Palestine

The bank's credit policy is generally affected by a set of factors, and these factors are divided into: internal and external factors, the internal factors are the factors that originate from within the bank, such as the bank's goals and capabilities, the concentration rate, liquidity considerations and external factors that arise from outside the bank and have an environment or climate source in which the bank is present and its activities are practiced, such as the surrounding economic conditions, the guarantees provided by the customer, despite the impact of these factors on the credit policy industry of all banks, they do not exercise equal or uniform effects on the credit policies while working in one environment or one climate, but it differs from these factors raised the credit for another policy.

Among the most important factors and considerations affecting the credit policy industry are mechanical factors and considerations (Issa, 2004):

- 1. Legal Considerations (Legal Dimension):** The credit policy of the bank is affected in general by legal restrictions and the prevailing and organized legislation for banking work, as well as by the instructions and decisions issued by the Central Bank regarding expansion or contraction (Bessis, 2009; Saunders, et al., 2009).
- 2. Geographical Considerations (The Geographical Dimension):** The credit policy industry is affected by the scope and limits of the region or regions in which the bank serves and its banking activities in general and credit in particular. The geographical dimension and the extent of the geographic bank's units and branches affect the credit policy in terms of scope and product types the credit you decide (Gieseche, 2004).

- 3. Financing Considerations (Financing Dimension):** The credit policy industry of the bank is affected by the financing considerations in terms of the financial resources (sources of funds) available to the bank. The financing dimension in the credit policy industry lies in the necessity of the appropriate financial resources for the uses of these funds in relation to the part that will be invested in the form of credit facilities for clients. The sources of funds available to the bank affect its credit policy. The credit policy varies from one bank to another according to the cost of the sources of funds in different banks. This difference is reflected in the form of differences and fluctuations in the pricing of loans and facilities approved by the various credit policies in terms of the interest rates and other expenses (Bessis, 2009; Coyle, 2000).
- 4. Organizational Considerations (The Organizational Dimension):** What by organizational and administrative considerations is the size and nature of the organizational or administrative structure of the bank, or the so-called administrative structure or the functional hierarchy that includes all the different administrative levels that deal with the credit process within the bank, and the organizational dimension of the credit impact on the credit policy As there are multiple authorities and credit powers within the bank with large administrative and organizational structures, the powers to grant bank credit are not concentrated in the specific hands of officials in the bank's administrative pyramid, because this focus is from within the bank and can hamper the functioning of the credit performance of the process (Gieseche, 2004).
- 5. Technical Considerations (Technical Dimension):** Technical considerations mean the foundations and norms established in granting bank credit, as these foundations and customs have a profound impact on the bank's credit policy making because the

decision to grant credit is a technical decision taken based on credit (technical) study prepared according to procedures. The credit policy is determined by the credit policy of the bank. Therefore, the credit policy takes into account the technical foundations and norms in granting bank credit and determining bank limits and overdraft (Coyle, 2000).

- 6. Marketing and Competitive Considerations (Marketing Dimension):** Marketing and competitive considerations mean the bank's marketing potential and its competitive position between business and competition banks, and the bank's credit policy industry is generally affected by these marketing and competitive considerations in approving credit products that are able to compete with other banks and are marketable, as the credit product pricing policy should provide a measure of competition and supports the bank's competitive position. The bank's credit policy takes into consideration the marketing and competitive dimensions, the higher the bank's ability to competition and marketing and competitive considerations are characterized by being in a state of continuous change and are not characterized by persistence, the more flexible and adjustable the bank's credit policy must be whenever necessary, so that the bank can prepare quickly with market conditions, emerging competition and always changing rapidly (Coyle, 2000).
- 7. Human Considerations (The Human Dimension):** represented by the efficiency of the departments that deal with the credit process within the bank, such as credit departments, information, legal departments, audit and control in terms of: scientific qualification, banking training, credit reporting, the extent of absorption of technology and behavioral factors. definitely, the efficiency of the human element differs from

one individual to another and from one bank to another according to the aforementioned factors (Greuning and Bratanovic, 2003).

- 8. Economic Considerations (The Economic Dimension):** economic considerations is an influencing factor in the bank's credit policymaking, the nature of the economy and the system within which the bank operates, and the nature of the economy or the economic structure directly affects the quality of the credit products the bank provides to its clients. For example but not limited to, in the export economy, the processes of granting bank credit to finance exports increase, and in the economy that depends heavily on imports, the processes of granting bank credit to finance imports increase, and in the economy that depends on the agricultural sector significantly the work increases as the Bank credit is granted to finance agricultural activity, and in an economy in which the economic structure varies, so its needs for credit products are varied.

Therefore, the credit policy is affected by the nature of the prevailing economic structure, and this impact is reflected in the approval of the credit policy of credit products to meet the nature and needs of the economy in which the bank operates (Greuning and Bratanovic, 2003).

Palestinian banks, like other banks, are exposed to the same risks, especially that the economic and social conditions in Palestine require careful and strict follow-up to the credit performance of these banks, which highlights the need to measure and define the degree of risk in order to analyze it and determine its causes. This can be done by setting realistic and logical strategic plans for these risks (Turshan and Karim, 2020).

## **2.6 Bad debts in Palestine between 2008-2019**

After the global financial crisis in 2008, Palestine got hit especially the financial system as it's vulnerable for crisis. According to Sarsour and Dombrecht (2016), Palestinian financial institutions have been suffering for a long time under the occupation. In addition, there are other reasons that make the banks and financial institutions suffer which are the bad debts. These reasons can be summarized as there's no clear credit policy in the banks, the lack of credit experience within the banks' employees, and the lack of reliability that banks get from the borrower's side, and other reasons. On the other hand, there are many methods that could be utilized to remove bad loans the Palestinian banks from during the financial crises up to 2019. Some of these methods are imposing credit policies that validate the reason of the loans, field visiting to the borrowers before giving out the loan, conducting credit inquiry about the borrower and follow up with the borrowers up to the fulfillment date (Alfarra et. al., 2016; Alfarra and Xiaofeng, 2016, World Bank, 2020).

## **2.7 Empirical Studies**

Few studies related to CRM discussed the influence of strategic planning since many of them tackled the strategic planning impact on different aspects of the financial institution. However, few studies explored the strategic planning influence and the related factors on credit risk. David Otley (2016) in his explanation of the contingency theory suggests external and internal independent factors. In this study, some of these external and internal factors that affect strategic planning had a direct or indirect impact on CRM.

Further, Ghaniet. al. (2010) in his study has described the external and internal factors that influence the organization using the SWOT analysis technique where he refers to the

external as the opportunities and the threats and the internal as the strength and weakness. According to Thompson et. al, Strategy planning involves the process of exploring the external and internal variables that affect the overall performance of the organization.

In this research, government instability, banks' competition, and perceived environmental uncertainty would be tackled as external factors affecting strategic planning components which will have an influence on CRM. On the other hand, the internal factors are organization size, the perceived risk that affects, directly and indirectly, the bank's strategic planning, and impact CRM as a result.

Few types of research have focused on government instability and its influence on strategic planning which impacts directly and indirectly CRM. Cukierman (1992) has pointed out that whenever the government changes, the policies will change with the new administration which will affect the projects, plans as the current government leave behind these old programs and policies or at least change them. Moreover, the unstable government and political circumstances normally don't encourage positive strategic planning in financial institutions (Bryson, 2018).

In addition, banks' competition as one of the external factors that influence strategic planning, Hopkins and Hopkins (1997), suggest that banks' competition has a direct positive impact on the strategic planning process and they added that the intensity of strategic planning has a direct influence on the banks' financial performance which will be enhanced due to this intensity. Likewise, Turshan and Karim (2020) in their study indicated that Palestine had a fair competition environment between banks as there are a growing number of banks (commercial, Islamic, and foreign Palestinian banks) in addition to other financial institution such as the microfinance institutions.

Moreover, another external factor that will be discussed is perceived environmental uncertainty derived from the contingency theory (David Otley, 2016), which seems to be one of the most important factors as the past studies have derived strong results from this variable. It has been well argued that environmental uncertainty is an important factor for the strategy-making process (Bourgeois, 1980).

Likewise, Cohen (2001) suggests that strategic planning depends on environmental uncertainty in the first place. Other authors support Cohen's argument that there is an increasing need for the organization to gather information under environmental uncertainty and therefore, strategic planning (Swamidass and Newell, 1987). Similarly, Miller and Friesen (1983) pointed out in their empirical study that in a continuous change in the environment the organization will depend on strategic planning to encounter ambiguity and uncertainty. Also, Thabet and Alaeddin (2017) stated that the increasing uncertainty can affect risk management in the banks.

The above studies have addressed the external factors. Meanwhile, there are several studies have explored the internal factors that influence strategic planning and CRM. Colon (1982) stated that organization size can be one of the determinants that lead the organization to engage in strategic planning. Likewise, Gup and Whitehead (1989) emphasized that the increase of the banks' size enforces management to become more engaged in strategic planning. Also, banks' size can be a direct effect of banks' financial performance (Shepherd, 1975; Winn, 1977; Wood, 1980).

Eventually, this involvement in strategic planning due to the increasing size of the bank would suggest a direct impact on CRM. Woods (2012) indicated that the size of the organization can be a variable that influences the CRM system. Furthermore, Thabet and

Alaeddin (2017) in their study emphasized that the size of the organization is one factor that affects CRM and strategic planning decisions in the banks that are operating in Palestine.

Additionally, there are many studies that have shown the individual behavior influence on strategic planning. One of the behavior variables tackled in this study is perceived risk which can be defined as “the possible loss of the pursuit of desired planning” (Featherman and Pavlou, 2003). Perceived risk influencing a manager’s decision making. According Horton (1976) perceived risk is negatively associated with the planning and banking decision-making process. Likewise, Barnes (1984) in his study stated that strategic planners get influenced by their cognitive behavior, and perceived risk could be associated with passive decisions that affect the whole organization. Also, CRM in the banks can be massively impacted by banks’ managers’ decision-making in the planning process (Gewald et. al, 2006).

Moreover, Abdul Rasid et al., (2011) indicated in their study that strategic planning contributes significantly to risk management in banks. Also, Kleffner et al., (2003) argued that managing credit risk in the banks influenced by banking strategies and strategic planning involves in managing banks’ risk. In addition, Sheikh Saleh (2009) found that there is a statistically significant relationship between risk management and the credit decision-making process.

Credit risk according to Bessis (2009) the bank's management fears increased that the borrowers will fail to meet their obligation which will have inversely impacted strategic decisions.

## **2.8 Discussion the Results of Previous Studies**

It was evident from the foregoing that the previous studies dealt with many variables, including independent internal and external factors that affect credit risks in banks. In Ghaniet.al 's (2010) study, the researcher focused in his study on analyzing the internal and external factors (SWOT analysis) of the institution. As for the contingency theory that Otley (2016) studied, the researcher suggested other internal and external factors, including government instability, bank competition, and the perceived environmental uncertainty to be considered as external factors that affect strategic planning components that will have an impact on CRM. On the other hand, the internal factors are the size of the institution, the perceived risks that directly and indirectly affect the strategic planning of the bank, and affect CRM. By studying the results of each study separately, each study dealt with specific variables to find out their impact on strategic planning, whether they were internal or external factors.

A limited number of studies explored the impact of strategic planning and related factors on credit risk. In this study, some of these external and internal factors will explore the impact of strategic planning, which as a result, have a direct or indirect impact on CRM. Through the variables of this study, which were centered through many studies to be studied through the model, it was as follows: the CRM variable and the most important policies followed by banks for these risks. As for the second variable, it was the elements of strategic planning, which include internal and external analysis among the strengths, weaknesses, opportunities, and threats, it also includes the vision, mission, goals, objectives, values, and principles.

The third variable was factors affecting strategic planning, through knowing the impact of government instability, bank competition, uncertainty in the perceived environment, the size of the institution, and the perceived risk. And studying the criteria of each of Basel II includes minimum capital requirements, auditing by the supervisory authority, and market discipline, and the Basel III standards, which include core capital, financial leverage ratio, and lending policies. So, we concluded that there is a gap in the literature that discussed the impact of strategic planning on CRM at the operating banks in Palestine.

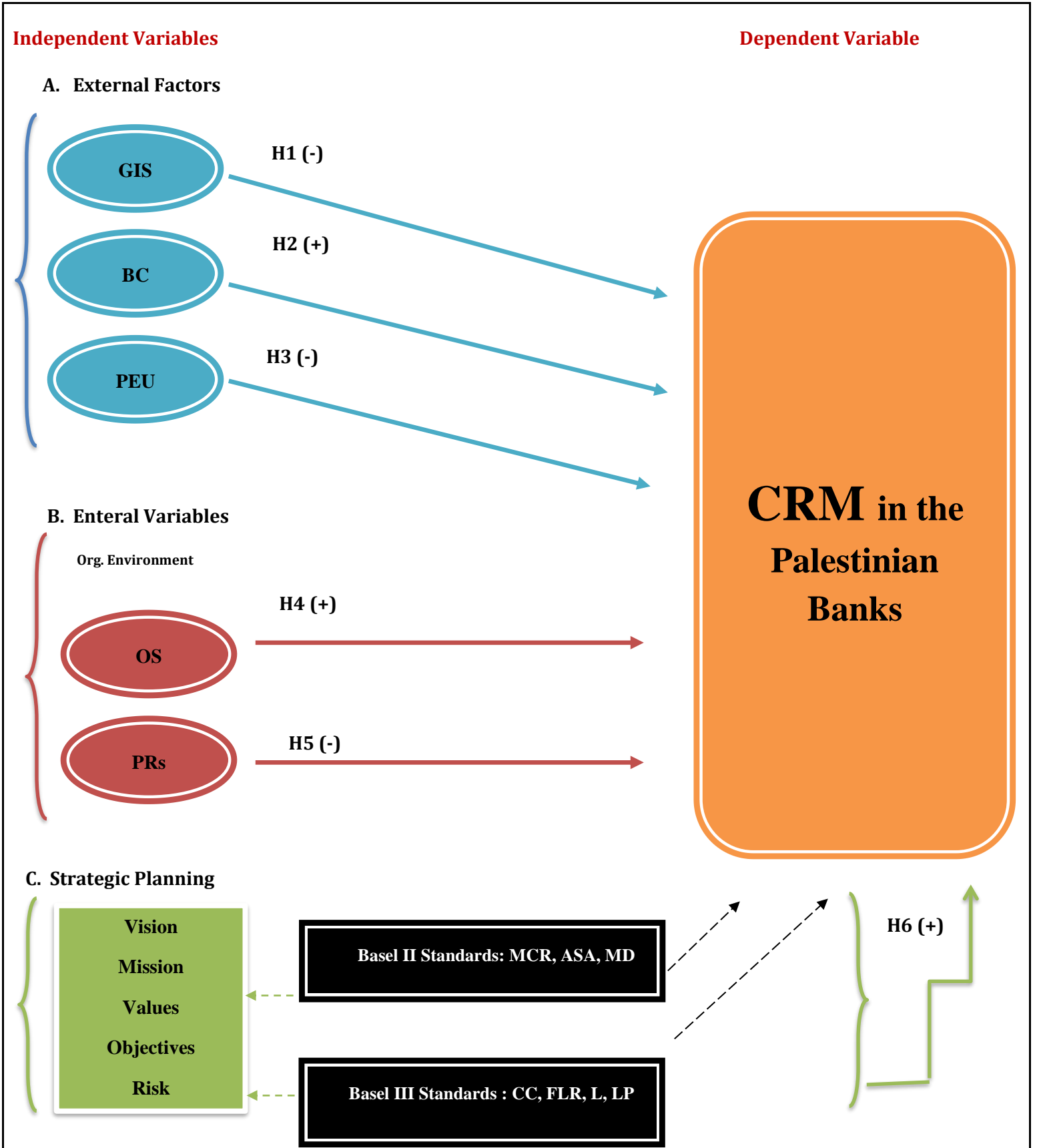
Our study applied quantitative methodology as most of the previous studies, which is the most appropriate method for this type of study. It also benefited from the previous studies by using their tools to design the questionnaire, while our study has been conducted on various types of banks in Palestine.

Thus, our study is specialized in investigating the impact of strategic planning on CRM of Palestinian banks.

## **Chapter III: Methodology**

### **3.1 Research Model**

The following research model has been constructed based on the previous studies and the literature review conducted in the previous chapter. TOE framework (Tornatzky et al. 1990) and contingency theory (Wright et al., 1994).



### Figure1. Research Model Based on Contingency Theory

As illustrated above, the proposed model consists of three main independent variables (internal factors are GIS, BC, and PEU, and external factors are OS, PRs, and strategic planning), while the dependent variable was the CRM at the banks in Palestine.

#### Constructs' names in the Model

Table (3.1): Contract's Abbreviations

Abbreviation	Name of Construct
GIS	Gov. Instability
BC	Banks' Competition
PEU	Perceived Environmental Uncertainty
OC	Org. Size
PR	Perceived Risks
CRM	CRM
MCR	Minimum capital requirements
ASA	Auditing by the supervisory authority
MD	Market discipline
CC	Core capital
FLR	Financial leverage ratio
L	Liquidity
LP	Lending Policies

## 3.2 Hypotheses Development

According to figure 1, and based on the previous literature, the hypotheses structure will include external and internal factors as following:

### 3.2.1 External Factors

#### 3.2.1.1 Government Instability

Any potential change in the government will affect the current policies which consequently will negatively influence the current businesses (Cukierman, 1992). Thus, the change in the government will lead to change in the policies which will influence the strategic planning in the financial institutions. Hofstede (1994) has provided evidence that political instability will be affecting strategic planning directly. Also, Negandhi (1983) argues that the emerging countries' government instability is vital to strategic planning. According to these facts, the following hypothesis suggested:

**H1: Government Instability has a negative relationship with Strategic Planning.**

### **3.2.1.2 Banks' Competition**

There is a direct positive impact from the high competition between banks on strategic planning (Hopkins and Hopkins, 1997).

**H2: Banks' Competition has a positive relationship with Strategic Planning.**

### **3.2.1.3 Perceived Environmental Uncertainty**

In the continuous changing environment, the organization depends on strategic planning to encounter ambiguity, and the changing environment involves an inverse impact on the organization planning (Miller and Friesen (1983).

**H3: Perceived Environmental Uncertainty has a negative relationship with Strategic Planning.**

## **3.2.2 Internal Factors**

### **3.2.2.1 Organization Size**

Banks' size can directly impact banks' strategic planning and financial performance (Shepherd, 1975; Winn, 1977; wood, 1980).

**H4: Organization size has a positive relationship with Strategic Planning.**

### **3.2.2.2 Perceived Risks**

The managers' decision making can be negatively influenced by risk perception, which will delay the desired outcomes (Horton,1976)

**H5: Perceived risk has a negative relationship with Strategic Planning.**

### **3.2.3 Strategic Planning**

#### **3.2.3.1 Strategic Planning**

CRM in the banking sector can be influenced significantly by strategic planning and managers' decision-making process (Abdul Rashid et al., 2011)

**H6: Strategic Planning has a positive relationship with CRM.**

On the other hand, to find out the effect of strategic planning factors on CRM, the following hypotheses were proposed.

### **3.2.4 Internal / External factors and CRM**

**H7: There is a positive effect of internal factors (Government Instability, Banks' Competition, Perceived Environmental Uncertainty) and the external ones (Perceived Risks, Organization Size) of strategic planning on CRM in Palestinian banks**

## **3.3 Research Methodology**

In this study, TOE framework (Tornatzky et al., 1990) and contingency theory (Wright et al., 1994) have been utilized in addition to applying Basel II and Basel III standards to investigate the direct impact of strategic planning on CRM.

Therefore, the methodological framework for this research is an important step, in the light of which the systematic treatment mechanisms are determined in all its stages, because achieving the desired goal requires an organized process that depends on a selected approach and an established nature, and depends on systematic techniques, field data collection tools, and methods of analysis.

Then, relying on an approach consistent with this study, and was reflected in the descriptive approach, which explains and analyzes the existing situation of strategic planning and its impact on CRM with Palestinian banks, with the aim of concluding an accurate and integrated practical description of its dimensions.

### **3.3.1 Questionnaire Design**

The questionnaire was built through 4 sections; the first section was about demographic information, which is considered as general information about participants in completing the questionnaire. As for the second section, it was about credit risks in banks, measuring several factors present in each bank and how they are dealt with in CRM. Regarding the third section, it measures the extent to which strategic planning elements are applied in CRM. As for the last section, it measures the factors affecting strategic planning. 5 factors were measured, and these are government instability, competition from banks, uncertainty in the perceived environment, the size of the organization, and the perceived risk.

The first section of 6 questions is about gender, age, years of experience, academic qualification, job title, and bank type. As for the second section, it consists of 18 questions that measure CRM, and the third section consists of 10 questions that measure the extent

to which strategic planning elements are applied in CRM. Lastly, the final section consists of 22 questions for all five axes. So, all of the survey questions are 50 questions.

### **3.4 Data Collection**

It was a tool for collecting data through previous studies and theories on which each study relied, and then building a questionnaire that measures the impact of strategic planning on CRM of Palestinian banks. The questionnaire was distributed to 14 banks, including foreign and local banks, including 3 Islamic banks in Ramallah and Al-Bireh governorate, so that it was distributed to 14 general managers, 66 branch managers, 14 directors of risk department, 14 directors of credit department, 14 managers of planning department (board members), so the total number of the study sample is 120 participants.

### **3.5 Measurements**

There are several ways to measure trends, and the degree of response was measured according to the Likert scale because the nature of the study depends on the knowledge of the extent of the impact of strategic planning on managing credit risk in Palestinian banks, according to the viewpoint of many managers.

## Chapter IV: Data Analysis and Discussion

### 4.1 Data Analysis

#### 4.1.1 Introduction

The researcher in this section of the study will present the results of the study through presenting the analysis of demographic questions and dimension of the study. Eventually, the researcher will present the research analysis for the correlation and regression analysis.

#### 4.1.2 Description of the Sample Characteristics

Data on respondents' demographics were collected and analyzed, where the following tables show sample characteristics.

##### 4.1.2.1 Distribution of Respondents by Gender

Table 4.1: Distribution of Respondents by Gender

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	99	82.5	82.5	82.5
	Female	21	17.5	17.5	100.0
	Total	120	100.0	100.0	

The above table shows that the highest percentage of the study sample are males as their percentage is 99 (82.5%) whereas the percentage of females is 21 (17.5%).

##### 4.1.2.2 Distribution of Respondents by age group

Table (4.2): Distribution of Sample by age group

Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 30 years	18	15.0	15.0	15.0
	30 -40 years	45	37.5	37.5	52.5

	40 - 50 years	40	33.3	33.3	85.8
	More than 50 years	17	14.2	14.2	100.0
	Total	120	100.0	100.0	

The above table shows the distribution of the study sample based on age group, the study results demonstrated that 18 (15%) of the study sample respondents' ages are less than 30 years, 45 (37.5%) is in the range of 30-40 years, 40 (33.3%) is in the range of 40-50 years and 17 (14.2%) is in the range of more than 50 years.

#### 4.1.2.3 Distribution of Respondents by experience years

Table (4.3): Distribution of Sample by experience years

Experience years					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 5 years	8	6.7	6.7	6.7
	5 -10 years	41	34.2	34.2	40.8
	11 -15 years	27	22.5	22.5	63.3
	More than 15 years	44	36.7	36.7	100.0
	Total	120	100.0	100.0	

The above table shows the distribution of the study sample based on experience years, the study results demonstrated that 8 (6.7%) of the study sample their experience is less than five years, 41(34.2%) is in the range of 5-10 years, 27(22.5%) is in the range of 11-15 years and 44(36.7%) is in the range of more than 15 years.

#### 4.1.2.4 Distribution of Respondents by academic achievement

Table (4.4): Distribution of Sample by academic achievement

Academic achievement					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Diploma	2	1.7	1.7	1.7
	BA	69	57.5	57.5	59.2

	Master	46	38.3	38.3	97.5
	PHD	3	2.5	2.5	100.0
	Total	120	100.0	100.0	

The above table shows the distribution of the study sample based on academic achievement. The study results display that most of the study sample that is 69 (57.5%) have B.A. degree whereas 46 (38.3%) have master degree, 2 (1.7%) have diploma and 3 (2.5%) have Ph.D Certificate.

#### 4.1.2.5 Distribution of Respondents by position

Table (4.5): Distribution of Sample by position

Position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Head Department	44	36.7	36.7	36.7
	CEO	13	10.8	10.8	47.5
	Branch manager	63	52.5	52.5	100.0
	Total	120	100.0	100.0	

The above table shows the distribution of the study sample based on position. The study results display that most of the study sample that is 63 (52.5%) are branch managers, 13 (10.8%) are CEO and 44 (36.7%) are head department managers.

#### 4.1.2.6 Distribution of Respondents by nature of the bank

Table (4.6): Distribution of Sample by nature of the bank

nature of the bank					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Islamic bank	28	23.3	23.3	23.3
	Commercial bank	92	76.7	76.7	100.0

	Total	120	100.0	100.0	
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The above table shows the distribution of the study sample based on the nature of the bank. The study results exhibit that 92 (76.7%) work at commercial banks whereas 28 (23.3%) work at islamic banks.

### 4.1.3 Reliability Analysis (Alpha Cronbach Method)

The researcher utilized the alpha cronbach coefficient test in order to measure the reliability of the questionnaire of each dimension and the total average of the field's questionnaire.

Table (4.7): Alpha Cronbach coefficients of each dimension of the questionnaire

Dimension	Number of statements	Alpha Cronbach
CRM	18	.908
Strategic Planning	10	.820
Government Instability	5	.711
Banks' Competition	5	.804
Perceived Environment Uncertainty	4	.757
Organization Size	4	.733
Perceived Risk	4	.842
Total	<b>50</b>	<b>.956</b>

The alpha Cronbach for the questionnaire is 95.6% which means that the questionnaire has high reliability and all the dimensions' exercises are good to have a high level of reliability.

### 4.1.4 Discussion and interpretation of each Field's items:

#### Section (1): CRM

Table (4.8): Means, standard deviation and the percentage of agreement in the statement of the first dimension (CRM)

	Field	N	Average	STD	Percentage
•	A customer's credit rating is a key indicator when granting credit.	120	6.53	0.72	93.2%
•	The client's previous experience in his field of work is an important indicator in	120	6.13	1.17	87.6%

	determining the client's competence in technical, financial and administrative terms.				
•	The bank requests from the customer requesting credit an estimated budget to study and analyze it.	120	6.03	1.10	86.1%
•	The bank insures on credit to maintain returns when credit risk occurs.	120	6.21	0.99	88.7%
•	The bank studies and evaluates the economic feasibility of the client's projects through specialized experts.	120	5.95	1.01	85.0%
•	The bank makes sure of the various sources of financing for the customer before providing the required credit facilities.	120	6.39	0.70	91.3%
•	The bank studies the financial position of the customer before granting him the required credit.	120	6.37	0.77	91.0%
•	The bank operates within a special system for measuring credit risks and their weights.	120	6.32	0.74	90.2%
•	The credit portfolio is characterized by diversification and no credit concentration in specific sector or specific clients.	120	6.21	0.94	88.7%
•	The bank uses a unified model and criteria in studying credit risk that cannot be exceeded.	120	6.05	1.17	86.4%
•	The bank studies the size of the customer's monthly income / salary to determine the appropriate credit limit and the necessary repayment period.	120	6.28	1.08	89.6%
•	The bank determines the size of the facilities to be granted to the customer in light of the general economic situation prevailing in the country and the extent of security and political stability in it.	120	6.18	0.93	88.2%
•	The bank determines the type of credit facilities it intends to grant to its customers, based on the objective and purpose of these facilities.	120	6.17	1.03	88.1%
•	The bank strives to balance its financial resources and their various uses when granting credit facilities to customers.	120	6.14	1.06	87.7%
•	The bank has an advanced risk information management system that enables it to estimate the size of credit risk.	120	6.18	0.86	88.2%

•	The bank shall comply with the instructions of the Basel Committee regarding CRM.	120	6.29	0.80	89.9%
•	The bank is committed to the rules of transparency by making information available to market participants about the adequacy of capital.	120	6.03	1.12	86.2%
•	The bank adheres to the rules of market discipline that are represented in managing credit information systems, credit rating, financial awareness, and returned checks system.	120	6.30	1.05	90.0%
Mean		120	6.21	0.96	88.7%

The researcher found the mean and standard deviation to investigate the CRM. The results of the study expressed that the mean of the respondents for the first dimension is (88.7%). This means that there is a high level of agreement for the CRM. The highest accepted statement is “A customer's credit rating is a key indicator when granting credit” that has a mean of (6.53). Then comes the statement “The bank makes sure of the various sources of financing for the customer before providing the required credit facilities” with a mean of (6.39). While the least accepted statement is “The bank studies and evaluates the economic feasibility of the client's projects through specialized experts” that has a mean of (5.95).

## Section (2): Strategic Planning

Table (4.9): Means, standard deviation and the percentage of agreement in the statement of the second dimension (Strategic Planning)

	Field	N	Average	STD	Percentage
•	The Planning Department develops a clear, written vision of it.	120	6.33	0.61	90.5%
•	The Planning Department develops a clear and written vision of it that is compatible with the bank's internal and external analysis (SWOT Analysis).	120	6.23	0.83	89.0%
•	The Planning Department develops a clear, written mission to it.	120	6.17	0.64	88.1%
•	The Planning Department develops a clear and written mission to it, and	120	6.13	0.76	87.6%

	implements it to achieve the Bank's vision.				
•	The values and principles are consistent in achieving the strategic objectives that work to achieve the vision and mission of the bank.	120	6.29	0.78	89.9%
•	There are clear written objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.	120	6.22	0.71	88.8%
•	There are specific objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.	120	6.23	0.69	88.9%
•	The Credit Risk Manager has a clear vision of the bank's mission and works to communicate it to employees and customers.	120	6.13	0.92	87.6%
•	A strategic plan is applied to manage the credit risk emerging and integrated with the general strategic plan of the banks.	120	6.14	0.99	87.7%
•	The strategic plan is effectively applied to the bank's CRM.	120	5.99	1.22	85.6%
Mean		120	6.19	0.81	88.4%

The researcher found the mean and standard deviation to investigate the level of strategic planning in banking sector institutions. The results of the study expressed that the mean of the respondents for the second dimension is (88.4%). This means that there is a high level of agreement for the level of strategic planning. The highest accepted statement is “The Planning Department develops a clear, written vision of it” that has a mean of (6.33). Then comes the statement “The values and principles are consistent in achieving the strategic objectives that work to achieve the vision and mission of the bank.” with a mean of (6.29). While the least accepted statement is “The strategic plan is effectively applied to the bank's CRM” that has a mean of (5.99).

### Section (3): Government Instability

Table (4.10): Means, standard deviation and the percentage of agreement in the statement of the third dimension (Governmental Instability)

	Field	N	Average	STD	Percentage
•	The bank is relying to a large extent on the political status quo to end the reservation in granting credit policies.	120	6.00	0.98	85.7%
•	Monetary policy still faces obstacles in revitalizing bank credit to the various sectors, especially the productive sectors that play a role in the economy.	120	5.99	0.97	85.6%
•	The bank raises economic activity by activating the role of bank credit by pursuing an expansionary policy that serves all segments of society and economic sectors.	120	6.21	0.96	88.7%
•	The bank supports agricultural and industrial establishments by imposing low financing costs on productive projects.	120	5.85	1.20	83.6%
•	The bank is greatly affected by government intervention and its choice of a fiscal policy that raises or lowers the interest rate in the market.	120	5.86	1.18	83.7%
Mean		120	5.98	1.06	85.5%

The researcher found the mean and standard deviation to investigate the governmental instability. The results of the study expressed that the mean of the respondents for the third dimension is (85.5%). This means that there is a high level of agreement for governmental instability. The highest accepted statement is “The bank raises economic activity by activating the role of bank credit by pursuing an expansionary policy that serves all

segments of society and economic sectors” that has a mean of (6.21). Then comes the statement “The bank is relying to a large extent on the political status quo to end the reservation in granting credit policies” with a mean of (6.00). While the least accepted statement is “The bank supports agricultural and industrial establishments by imposing low financing costs on productive projects” that has a mean of (5.85).

#### **Dimension (4): Banks’ Competition**

Table (4.11): Means, standard deviation and the percentage of agreement in the statement of the fourth dimension (Bank`s Competition)

	Field	N	Average	STD	Percentage
•	The bank provides a preferential interest rate on credit facilities compared to the interest rates of other competing banks.	120	6.04	0.97	86.3%
•	The bank seeks to provide facilities for the corporate sector and commercial establishments such as documentary credits and letters of guarantee on easy terms compared to other banks.	120	6.09	0.95	87.0%
•	The bank’s provision of credit facilities through electronic cards helped the bank to attract new customers.	120	6.11	0.96	87.3%
•	The bank seeks to create a competitive advantage by providing credit services via the Internet " Online" without the need to visit the bank.	120	6.03	1.22	86.1%
•	The bank seeks to keep pace with development and excellence in providing credit services and facilities that meet the needs of customers in all sectors.	120	6.12	0.94	87.4%
Mean		120	6.08	1.01	86.8%

The researcher found the mean and standard deviation to investigate the Banks’ Competition. The results of the study expressed that the mean of the respondents for the fourth dimension is (86.8%). This means that there is a high level of agreement for the Banks’ Competition. The highest accepted statement is “The bank seeks to keep pace with

development and excellence in providing credit services and facilities that meet the needs of customers in all sectors” that has a mean of (6.12). Then comes the statement “The bank’s provision of credit facilities through electronic cards helped the bank to attract new customers” with a mean of (6.11). While the least accepted statement is “The bank seeks to create a competitive advantage by providing credit services via the Internet " Online" without the need to visit the bank” that has a mean of (6.03).

#### **Dimension (5): Perceived Environment Uncertainty**

Table (4.12): Means, standard deviation and the percentage of agreement in the statement of the fifth dimension (Perceived Environment Uncertainty)

	Field	N	Average	STD	Percentage
•	The bank resorts to following the gradual principle in granting credit facilities, which is based on knowing the size of the previous credit facilities to the customer to reduce the size of the expected risks.	120	6.06	0.99	86.5%
•	The bank determines the interest rate or profit margin when granting credit, based on the degree of risk associated with it.	120	5.62	1.34	80.2%
•	Banks rely on studying and analyzing the expected risks before granting credit.	120	6.04	1.04	86.3%
•	The current system in the bank provides adequate support to the management that diagnoses and plans for potential crises.	120	5.91	1.10	84.4%
Mean		120	5.91	1.12	84.4%

The researcher found the mean and standard deviation to investigate the **Perceived Environment Uncertainty**. The results of the study expressed that the mean of the respondents for the fifth dimension is (84.4%). This means that there is a high level of agreement for the perceived environment uncertainty. The highest accepted statement is “The bank resorts to following the gradual principle in granting credit facilities, which is based on knowing the size of the previous credit facilities to the customer to reduce the size of the expected risks” that has a mean of (6.06). Then comes the statement “Banks rely

on studying and analyzing the expected risks before granting credit” with a mean of (6.04). While the least accepted statement is “The bank determines the interest rate or profit margin when granting credit, based on the degree of risk associated with it” that has a mean of (5.62).

### **Dimension (6): Organization Size**

Table (4.13): Means, standard deviation and the percentage of agreement in the statement of the sixth dimension (Organization Size)

	Field	N	Average	STD	Percentage
•	All banking services in the bank in all its branches are organized in a manner that achieves the bank’s objectives and benefits the customer.	120	6.18	1.06	88.3%
•	The bank is keen to attract qualified managers and employees to provide a suitable work environment.	120	6.03	1.02	86.1%
•	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.	120	5.66	1.38	80.8%
•	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.	120	5.33	1.73	76.2%
Mean		120	5.80	1.30	82.9%

The researcher found the mean and standard deviation to investigate the **Organization Size**. The results of the study expressed that the mean of the respondents for the sixth dimension is (82.9%). This means that there is a high level of agreement for the organization size. The highest accepted statement is “All banking services in the bank in all its branches are organized in a manner that achieves the bank’s objectives and benefits the customer” that has a mean of (6.18). Then comes the statement “The bank is keen to attract qualified managers and employees to provide a suitable work environment” with a

mean of (6.03). While the least accepted statement is “The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank” that has a mean of (5.33).

### **Dimension (7): Perceived Risk**

Table (4.14): Means, standard deviation and the percentage of agreement in the statement of the seventh dimension (Perceived Risk)

	Field	N	Average	STD	Percentage
•	The bank seeks to reduce the credit risk ratio while maintaining the achievement of its profitability objectives by choosing a safe credit policy that reduces default rates.	120	6.17	1.12	88.1%
•	The bank is keen to adopt the best methods to face risks and to develop effective contingency plans.	120	6.11	0.93	87.3%
•	The bank enjoys high flexibility that connects all its branches, enabling it to provide services and thus avoid problems and reduce risks.	120	6.10	0.87	87.1%
•	The bank exerts its efforts to meet customer needs and harmonize service in a manner that achieves the bank’s objectives with the least risk.	120	6.00	1.05	85.7%
Mean		120	6.09	0.99	87.1%

The researcher found the mean and standard deviation to investigate the perceived risk. The results of the study expressed that the mean of the respondents for the seventh dimension is (87.1%). This means that there is a high level of agreement for the perceived risk. The highest accepted statement is “The bank seeks to reduce the credit risk ratio while maintaining the achievement of its profitability objectives by choosing a safe credit policy that reduces default rates” that has a mean of (6.17). Then comes the statement “The bank is keen to adopt the best methods to face risks and to develop effective contingency plans” with a mean of (6.11). While the least accepted statement is “The bank exerts its efforts to

meet customer needs and harmonize service in a manner that achieves the bank's objectives with the least risk." that has a mean of (6.00).

#### 4.1.5 Correlations Matrix

The researcher uses the correlation metric in order to investigate the nature and power of the relationship between the investigated variables of the study.

Table (4.15): Correlations Matrix

<b>Correlations</b>		<b>CRM</b>	<b>SP</b>	<b>GI</b>	<b>BC</b>	<b>PEU</b>	<b>OZ</b>	<b>PR</b>
<b>CRM</b>	Pearson Correlation	1						
	Sig. (2-tailed)							
<b>SP</b>	Pearson Correlation	.699**	1					
	Sig. (2-tailed)	.000						
<b>GI</b>	Pearson Correlation	.559**	.498**	1				
	Sig. (2-tailed)	.000	.000					
<b>BC</b>	Pearson Correlation	.582**	.637**	.651**	1			
	Sig. (2-tailed)	.000	.000	.000				
<b>PEU</b>	Pearson Correlation	.708**	.616**	.632**	.584**	1		
	Sig. (2-tailed)	.000	.000	.000	.000			
<b>OZ</b>	Pearson Correlation	.617**	.510**	.696**	.562**	.640**	1	
	Sig. (2-tailed)	.000	.000	.000	.000	.000		
<b>PR</b>	Pearson Correlation	.695**	.610**	.520**	.574**	.611**	.706**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	

\*\* . Correlation is significant at the 0.01 level (2-tailed).

The above correlation matrix shows the relationship between each pair of the study variables. The study results exhibit that there is a positive correlation between CRM and strategic planning and strategic planning, government instability, banks' competition, perceived environment uncertainty, organization size and perceived risk. Furthermore, there is also positive correlation among all the study variables. The highest correlation exists between perceived environment uncertainty and CRM that has Pearson correlation (0.708).

#### 4.1.6 Criterion Related Validity

In order to measure the internal validity and consistency of the statements, the researcher uses the criterion-related validity test that presents “the correlation coefficient between each paragraph in one field and the whole field”.

Table (4.16): Correlation Coefficient of CRM

	Statement	Pearson Correlation	P-Value (Sig.)
•	A customer's credit rating is a key indicator when granting credit.	.680**	0.000
•	The client's previous experience in his field of work is an important indicator in determining the client's competence in technical, financial and administrative terms.	.778**	0.000
•	The bank requests from the customer requesting credit an estimated budget to study and analyze it.	.553**	0.000
•	The bank insures on credit to maintain returns when credit risk occurs.	.600**	0.000
•	The bank studies and evaluates the economic feasibility of the client's projects through specialized experts.	.349**	0.000
•	The bank makes sure of the various sources of financing for the customer before providing the required credit facilities.	.490**	0.000
•	The bank studies the financial position of the customer before granting him the required credit.	.751**	0.000
•	The bank operates within a special system for measuring credit risks and their weights.	.675**	0.000
•	The credit portfolio is characterized by diversification and no credit concentration in specific sectors or specific clients.	.752**	0.000
•	The bank uses a unified model and criteria in studying credit risk that cannot be exceeded.	.620**	0.000
•	The bank studies the size of the customer's monthly income / salary to determine the appropriate credit limit and the necessary repayment period.	.754**	0.000
•	The bank determines the size of the facilities to be granted to the customer in light of the general economic situation prevailing in the country and the extent of security and political stability in it.	.654**	0.000
•	The bank determines the type of credit facilities it intends to grant to its customers, based on the objective and purpose of these facilities.	.596**	0.000

•	The bank strives to balance its financial resources and their various uses when granting credit facilities to customers.	.581**	0.000
•	The bank has an advanced risk information management system that enables it to estimate the size of credit risk.	.682**	0.000
•	The bank shall comply with the instructions of the Basel Committee regarding CRM.	.763**	0.000
•	The bank is committed to the rules of transparency by making information available to market participants about the adequacy of capital.	.547**	0.000
•	The bank adheres to the rules of market discipline that are represented in managing credit information systems, credit rating, financial awareness, and returned checks system.	.680**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.16) shows the correlation coefficient for each paragraph of CRM and the total of this dimension. The p-values for all paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.17): Correlation Coefficient of strategic planning

	Statement	Pearson Correlation	P-Value (Sig.)
•	The Planning Department develops a clear, written vision of it.	.510**	0.000
•	The Planning Department develops a clear and written vision of it that is compatible with the bank's internal and external analysis (SWOT Analysis).	.596**	0.000
•	The Planning Department develops a clear, written mission to it.	.622**	0.000
•	The Planning Department develops a clear and written mission to it, and implements it to achieve the Bank's vision.	.602**	0.000
•	The values and principles are consistent in achieving the strategic objectives that work to achieve the vision and mission of the bank.	.617**	0.000
•	There are clear written objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.	.595**	0.000

•	There are specific objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.	.708**	0.000
•	The Credit Risk Manager has a clear vision of the bank's mission and works to communicate it to employees and customers.	.644**	0.000
•	A strategic plan is applied to manage the credit risk emerging and integrated with the general strategic plan of the banks.	.702**	0.000
•	The strategic plan is effectively applied to the bank's CRM.	.661**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.17) shows the correlation coefficient for each paragraph of strategic planning and the total of this dimension. The p-values for most paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.18): Correlation Coefficient of Government Instability

	Statement	Pearson Correlation	P-Value (Sig.)
•	The bank is relying to a large extent on the political status quo to end the reservation in granting credit policies.	.649**	0.000
•	Monetary policy still faces obstacles in revitalizing bank credit to the various sectors, especially the productive sectors that play a role in the economy.	.650**	0.000
•	The bank raises economic activity by activating the role of bank credit by pursuing an expansionary policy that serves all segments of society and economic sectors.	.698**	0.000
•	The bank supports agricultural and industrial establishments by imposing low financing costs on productive projects.	.764**	0.000
•	The bank is greatly affected by government intervention and its choice of a fiscal policy that raises or lowers the interest rate in the market.	.649**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.18) shows the correlation coefficient for each paragraph of **Government Instability** and the total of this dimension. The p-values for most paragraphs are less than

0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.19): Correlation Coefficient of Banks' Competition

	Statement	Pearson Correlation	P-Value (Sig.)
•	The bank provides a preferential interest rate on credit facilities compared to the interest rates of other competing banks.	.707**	0.000
•	The bank seeks to provide facilities for the corporate sector and commercial establishments such as documentary credits and letters of guarantee on easy terms compared to other banks.	.739**	0.000
•	The bank's provision of credit facilities through electronic cards helped the bank to attract new customers.	.787**	0.000
•	The bank seeks to create a competitive advantage by providing credit services via the Internet " Online" without the need to visit the bank.	.741**	0.000
•	The bank seeks to keep pace with development and excellence in providing credit services and facilities that meet the needs of customers in all sectors.	.796**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.19) shows the correlation coefficient for each paragraph of banks' competition and the total of this dimension. The p-values for most paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.20): Correlation Coefficient of Perceived Environment Uncertainty

	Statement	Pearson Correlation	P-Value (Sig.)
•	The bank resorts to following the gradual principle in granting credit facilities, which is based on knowing the size of the previous credit facilities to the customer to reduce the size of the expected risks.	.715**	0.000

•	The bank determines the interest rate or profit margin when granting credit, based on the degree of risk associated with it.	.725**	0.000
•	Banks rely on studying and analyzing the expected risks before granting credit.	.813**	0.000
•	The current system in the bank provides adequate support to the management that diagnoses and plans for potential crises.	.816**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.21) shows the correlation coefficient for each paragraph of organizational commitment and the total of this dimension. The p-values for most paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.21): Correlation Coefficient of Organization Size

	Statement	Pearson Correlation	P-Value (Sig.)
•	All banking services in the bank in all its branches are organized in a manner that achieves the bank's objectives and benefits the customer.	.748**	0.000
•	The bank is keen to attract qualified managers and employees to provide a suitable work environment.	.602**	0.000
•	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.	.850**	0.000
•	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.	.798**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.21) shows the correlation coefficient for each paragraph of **Organization Size** and the total of this dimension. The p-values for most paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

Table (4.22): Correlation Coefficient of Perceived Risk

	Statement	Pearson Correlation	P-Value (Sig.)
•	The bank seeks to reduce the credit risk ratio while maintaining the achievement of its profitability objectives by choosing a safe credit policy that reduces default rates.	.843**	0.000
•	The bank is keen to adopt the best methods to face risks and to develop effective contingency plans.	.861**	0.000
•	The bank enjoys high flexibility that connects all its branches, enabling it to provide services and thus avoid problems and reduce risks.	.728**	0.000
•	The bank exerts its efforts to meet customer needs and harmonize service in a manner that achieves the bank's objectives with the least risk.	.864**	0.000
•	The bank seeks to reduce the credit risk ratio while maintaining the achievement of its profitability objectives by choosing a safe credit policy that reduces default rates.	.843**	0.000

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Table (4.22) shows the correlation coefficient for each paragraph of the **Perceived Risk** and the total of this dimension. The p-values for most paragraphs are less than 0.05. Thus, the correlation coefficients of this dimension are significant at  $\alpha = 0.05$ . Thus, it can be stated that the paragraphs of this dimension are valid to measure what they were set for.

#### 4.1.7 Hypotheses Testing

The researcher applied Multi-Regression Test to test the research hypotheses, the following tables show these results.

Table (4.23): Regression Results

<b>Model Summary</b>				
<b>Model</b>	<b>R</b>	<b>R Square</b>	<b>Adjusted R Square</b>	<b>Std. Error of the Estimate</b>
<b>1</b>	.816 <sup>a</sup>	.666	.648	.35919
a. Predictors: (Constant), PR, GI, SP, PEU, BC, OZ				

Table (4.23) shows the multivariate regression analysis through presenting the various factors expected to affect CRM in the banking sector in Palestine. The table shows that the R square is good that is 0.666 and the adjusted R square is (0.648). This means that the

independent variables explain about 66.6% of the change in CRM and others (33.4%) didn't not examine variables as this study explains.

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	29.074	6	4.846	37.558	.000 <sup>b</sup>
	Residual	14.579	113	.129		
	Total	43.653	119			
a. Dependent Variable: CRM						
b. Predictors: (Constant), PR, GI, SP, PEU, BC, OZ						

The above table shows that sig. is 0.00 and the value of F-value is 37.558. This indicates that there is a significant effect for the study variables on CRM in the banking sector in Palestine.

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.140	.419		2.724	.007
	SP	.356	.094	.302	3.794	.000
	GI	.035	.073	.042	0.485	.629
	BC	.006	.066	.007	0.090	.928
	PEU	.209	.059	.295	3.556	.001
	OZ	.031	.057	.051	0.547	.586
	PR	.198	.064	.269	3.115	.002
a. Dependent Variable: CRM						

The above table shows the following relations:

- There is a significant and positive effect for **strategic planning** on CRM, where (t) calculated (=3.794) at (0.000) significant level, with (B=0.356).
- There is an insignificant effect for **government instability** on CRM, where (t) calculated (=0.485) at (0.629) significant level.
- There is an insignificant and positive effect for **bank`s competitions** on CRM, where (t) calculated (=0.090) at (0.928) significant level.

- There is a significant and positive effect for **perceived environment uncertainty** on CRM, where (t) calculated (=3.556) at (0.001) significant level, with (B=0.209).
- There is an insignificant effect for **organization size** on CRM, where (t) calculated (=0.547) at (0.586) significant level.
- There is a significant and positive effect for **perceived risk** on CRM, where (t) calculated (=3.115) at (0.002) significant level, with (B=0.198).

## 4.2 Discussion

### 4.2.1 Discussion of study questions

#### 4.2.1.1 Discussion of the Main Question

The main question of the study stated that: What is the impact of strategic planning on CRM in the Palestinian banks?

To answer this question, the researcher divided it to several *sub-questions* as follows:

5.1.1.1 What is the degree of implementing credit risk management at the banking sector in Palestine?

The findings showed that there was a high degree of implementing CRM at the banking sector in Palestine, with (88.7%) of acceptance from the respondents' point of view, this result ensures that the banks in Palestine take into the account the importance of applying all of CRM factors related to customers, such as (customer credit rating, customer's previous experience in his/her field, customer estimated budget, various sources of financing, financial position, study the size of customer's monthly income/salary to determine the appropriate credit limit and the necessary repayment period, determine the

size of the facility) on the other hand, banks in Palestine insured that they (maintain returns when credit risk occurred, operate within special system for measuring credit risks and their weights, use a unified model and criteria in studying credit risk that cannot be exceeded, determine the type of credit facilities based on the objective and purpose of having the credit), they also used to vary their clients and sectors, but they make sure to characterize the credit portfolio by diversification, these banks have an advanced risk information management systems that enables them to estimate the size of credit risk, adding to that, the banks in Palestine used to strive to balance their financial resources and their various uses when granting credit facilities to customers, they also declare the commitment of Basel Committee regarding the internal CRM system they follow, while locally, they adhere to the rules of market discipline (managing credit information systems, credit rating, financial awareness and returned checks system.

#### 6.1.1.2. What is the level of strategic planning in banking sector in Palestine?

The findings showed that banks in Palestine had a high level of strategic planning, with (88.4%) of agreement, this could be found in the developments, clearness of the written vision that Planning department has that is compatible with the bank's internal / external analysis (SWOT), they also have a developed clear and written mission that implements it to achieve their vision, on the other hand, their objectives are specific and clear that strives to achieve within the available capabilities and circumstances in the CRM, where this strategic plan would manage the credit risk emerging and integrated with the general strategic plan, that lead it to be effective from respondents' point of view.

6.1.1.3 What is the impact of applying the strategic plans in accordance with the Basel II and III standards on CRM in Palestinian banks?

The respondents' answers showed that the banks in Palestine are committed to the instructions of the Basel Committee regarding CRM with high degree of acceptance (89.4%). This method allowed to minimize the limits of reports for the capital of the bank, and improved the technical methods of controlling the banks business. It also facilitated the process of exchanging information related to the procedures and methods of monetary control banks, these results appeared in respondent's answers, where they ensured that committing with Basel Committee (II & III) had developed the applied methods for measuring and managing banking risks, and reconciled between the required capital and the size of risks to which the bank is exposed, it also increased the degree of transparency in relation to the risks to which the Palestinian banks is exposed, and provided enough information in a timely manner to the customers as they share the bank with the risks, in addition of controlling the total risks whether by capital requirements or through a regulatory review. This result has been proved by (Rasid, et al., 2011; Saleh, 2009; Kleffner, et al., 2003).

4. What are the determinants of credit risk measurement that aims to develop a strategic planning methodology for managing credit risk in Palestinian banks?

The respondents' answers showed a high degree of acceptance that the banks in Palestine developed their strategic planning methodologies for managing credit risk in their operations, this could be proved by many external determinants, such as (governmental instability, banks' competition, perceived environment of uncertainty, organizational size,

perceived risk) where all of them had a high degree, that ensures the impact of applying risk management for developing their strategic plans, this result had been approved by many researchers, where (Bryson, 2018; Cukierman, 1992) showed the impact of government instability on strategic plans, in general, and on CRM in particular, while Hopkins and Hopkins (1997) showed that there was a positive impact of banks' competition on strategic planning process, especially at the financial performance. On the other hand, many researchers (Otley, 2016; Cohen, 2001; Swamidass and Newell, 1987) found that perceived environmental uncertainty effect positively on strategic planning, in this context, Thabet and Alaeddin (2017) showed that increasing uncertainty can affect risk management in the Palestinian banks.

For internal determinants, many researchers found that there is an impact of applying them while analyzing CRM on the strategic planning process. in this context, (Colon, 1982; Gup and Whitehead, 1989) showed the effect of organization size on strategic planning, while (Woods, 2012; Thabet and Alaeddin, 2017) proved that organizational size would effect on CRM system, while others discussed the effect of perceived risk on strategic planning (Featherman and Pavlou, 2003; Barends, 1984), in the other hand, (Gewald, et al., 2006) showed that CRM in the banks can be passively impacted by banks' managers' decision making in the planning process.

## **4.2.2 Discussion of tested hypotheses**

### **4.2.2.1: Government Instability Negatively affects Strategic Planning.**

The correlation test proved that there was a positive and significant relationship between government instability and strategic planning ( $R=0.489$ , at  $\alpha=0.01$ ), that means we refuse

our null hypothesis except the alternative one which states that Government Instability positively affects Strategic Planning among the working banks in Palestine.

This result was similar to the findings of (Cukierman, 1992; Bryson, 2018), where they proved an impact of government instability on strategic planning as well as CRM at the studied environments.

#### **4.2.2.2: Banks' Competition positively affects Strategic Planning.**

The correlation test proved that there was a positive and significant relationship between bank's competition and strategic planning ( $R=0.637$ , at  $\alpha=0.01$ ), that means we accept our claim that the Banks' Competition positively affects Strategic Planning.

This result was similar to the findings of (Hopkins and Hopkins, 1997) which showed that there was a direct and positive impact of banks' competition on strategic planning. In this context, Turshan and Karim (2020) found that Palestine had a fairly competitive environment between operating banks in Palestine.

#### **4.2.2.3: Perceived Environmental Uncertainty negatively affects Strategic Planning.**

The correlation test proved that there was a positive and significant relationship between perceived environmental uncertainty and strategic planning ( $R=0.616$ , at  $\alpha=0.01$ ), that means we refuse the null hypothesis and accept our claim that the Perceived Environmental Uncertainty positively affects Strategic Planning.

This finding was proved by (Thabet and Alaeddin, 2017; Otley, 2016; Cohen, 2001; Swamidass and Newell, 1987; Miller and Friesen, 1983; Bourgeois, 1980), where all of these studies showed an impact of the changing environment on creating uncertainty, which

lead decision-makers to implement perceived environmental uncertainty to their strategic plans.

#### **4.2.2.4: Organization size positivity affects Strategic Planning.**

The correlation test proved that there was a positive and significant relationship between organization size and strategic planning ( $R=0.510$ , at  $\alpha=0.01$ ), that means we accept our claim that the Organization size positivity affects Strategic Planning.

This finding was proved by Thabet and Alaeddin (2017) who found that banks' size directly affects the strategic planning. It was also similar to Colon (1982) who found that organization size can be one of the determinants that lead the organization to engage it in the proposed strategic planning, while Gup and Whitehead (1989) found that the increasing of the banks' size could enforce management to become more engaged in strategic planning. On the other hand, many researchers (Shepherd, 1975; Winn, 1977; Wood, 1980) found that there was a direct effect of organization's size on strategic planning process to ensure that these organizations would perform positive financial performance.

#### **4.2.2.5: Perceived risk negatively affects Strategic Planning.**

The correlation test proved that there was a positive and significant relationship between perceived risk and strategic planning ( $R=0.610$ , at  $\alpha=0.01$ ), that means we refuse the null hypothesis and accept our claim that the Perceived risk positively affects Strategic Planning.

Many researchers proved the effect of perceived risk factor on strategic planning, where Featherman and Pavlou (2003) showed that this factor directly affects the desired planning,

as well as Horton (1976) findings showed that this factor negatively affects the planning process.

#### **4.2.2.6: Strategic Planning positivity affects CRM.**

The correlation test proved that there was a positive and significant relationship between strategic planning and CRM ( $R=0.699$ , at  $\alpha=0.01$ ). That means we accept our claim that Strategic Planning had a positive effect on CRM. On the other hand, regression analysis showed that there was a positive effect of strategic planning on CRM, which appeared positively and statistically, where ( $t=2.724$ ) at ( $0.007$ ) significant level. The findings proved that an increase of one degree of strategic planning would increase the CRM by one degree.

In this context, Rasid et al. (2011) showed that strategic planning contributes significantly in risk management in banks, Kleffner and his colleagues (2003) also proved this effect.

## Chapter V: Conclusion

### 5.1 Conclusions

The findings of the practical part showed the following results:

- The banks in Palestine displayed a high degree of implementing CRM with (88.7%), since their practices showed a reduction of losses resulting from defaulting on loans, such as maintaining sufficient capital and allocations to meet these losses.
- The respondents were convinced with the banks' strategic planning with (88.4%) degree of acceptance.
- There was a high degree of acceptance as there was adoption of the optimal monetary policy that achieves financial stability in the Palestinian economy which solve the government instability with (85.5%) degree of acceptance.
- The respondents with (86.8%) highly believed that their banks' competition was increased due to the increase of the number of the operating banks in Palestine.
- There was a high degree of respondents' agreement (84.4%) that their banks take into account the perceived environment uncertainty where these banks apply many tactics to avoid the uncertainty situation.
- The banks in Palestine expanded the number of branches and employees, and they invested their financial and human resources in an optimal way to achieve their public and private objectives to ensure continuity, which reflected with a high degree (82.9%) in respondents' points of view due to the organization's size.

- There was a high degree of acceptance from respondents' points of view with (87.1%) about perceived risk, where the banks in Palestine took into account uncertainty while achieving the banks' goals.
- There were positive and significant relationships between all study variables which exhibit that there was a positive correlation between CRM and strategic planning.
- There was a positive and significant effect of (strategic planning, perceived environment uncertainty, perceived risk) on CRM at the operating banks in Palestine.
- There were positive but insignificant effects of (government instability, bank's competition, organization's size) on CRM and the operating banks in Palestine.

## **5.2 Recommendations**

Through what has been presented in the research chapters and the results that have been achieved, the research concludes with a set of recommendations, which together constitute a methodology for developing CRM systems in Palestinian banks in accordance with modern banking risk management, as follows:

- 1.** Promote the application of good governance in banks, which is a system of control and guidance at the institutional level, which defines responsibilities, rights and relations with all concerned groups and clarifies the rules and procedures necessary for making rational decisions related to the work of the organization. It is a system that supports justice, transparency and institutional accountability and enhances confidence and credibility in the work environment, because this is important to the long-term survival and success of organizations.

2. The credit policies of banks correspond to changes in economic conditions, whether in the economy as a whole, or in specific sectors. Especially since the investment environment in the Palestinian governorates is characterized by political and economic fluctuations that increases the expectations of credit risk in banks.

3. Development of human resources in banks, in the fields of financial analysis and banking risk management, through continuous training and education, especially in the areas of: internal credit rating systems and the methods of measuring and mitigating credit risks contained in the Basel III agreement.

4. Holding training courses for bank employees dealing with modern banking risk management, Basel III standards, and modern methods of measuring banking risks, in particular measuring credit risk.

5. The researcher recommends conducting more research on modern banking risk management, including operational risk management, market risk management (interest rate risk, foreign exchange risk, and stock center risk “stocks”), sound practices for liquidity management in banking institutions, and good governance in banking institutions.

### **5.3 Contributions & Implications**

According to the aim of the study, the findings proved the importance of implementing CRM on the operating banks in Palestine while designing their strategic plans, where many factors showed that there were positive and statistical significant effects on strategic planning, including Government Stability, Banks' Competition, Perceived Environmental Uncertainty, Organization Size, Perceived Risks. The findings also showed that strategic planners and risk managers agreed positively to the Basel II & III standards.

#### **5.4 Limitation of the Study**

The study was limited by the time, and location, where the researcher finished preparing the research at the first academic semester 2020-2020, and the study was limited to the operating banks at Ramallah and Al-Bireh governorate – West Bank. It was also limited to investigate the impact of risk credit management on the strategic planning at these banks, where the researcher had designed a questionnaire as the study tool and distributed it to the administrative and supervisory managers (risk managers and strategic planners) since this sample is considered the suitable one to answer the study questions.

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<https://www.mas.ps/files/server/20181004104445-2.pdf>

- تم الحصول على النسب من موقع سلطة النقد الفلسطينية مباشرة، أو قام الكاتب باحتسابها بناء على جداول سلطة النقد على الموقع: <https://www.pma.ps/ar-eg/home.asp>

**Appendices****Appendix A:**

## List of Arbitrators

Name	Academic Level	Place of Work
Dr.Mohammad Abu Sharbeh	PhD	Arab American University
Dr. Naser Abdelkarim	PhD	Arab American University
Dr. Sa'ed Khalil	PhD	Palestine Monetary Authority

**Appendix -B-****Questionnaire****The Impact of Strategic Planning on CRM of the  
Palestinian banks**

The researcher is conducting a study on the impact of strategic planning on CRM of Palestinian banks in order to obtain a master's degree in strategic planning and fundraising.

You are kindly requested to complete the attached questionnaire, hoping for accuracy and objectivity in the hope of reaching better information for the subject of the study, assuring you that the data that will be obtained on your institutions will remain confidential and will only be used for the purposes of scientific research.

**Thank you for your cooperation.**

**The researcher**

*Aya Ammar*

**SECTION I:**

**Demographic Data - General information about the participant in the questionnaire:**

**Put(✓) in front of the required information:**

Code	Question
DD 1	Gender <input type="checkbox"/> Male <input type="checkbox"/> Female
DD 2	Age <input type="checkbox"/> Less than 30 Years <input type="checkbox"/> 30 Years - Less than 40 Years <input type="checkbox"/> 40 Years - Less than 50 Years <input type="checkbox"/> More than 50 Years
DD 3	Years of Experience <input type="checkbox"/> Less than 5 years <input type="checkbox"/> 5 – Less than 10 Years <input type="checkbox"/> 10 – Less than 15 <input type="checkbox"/> More than 15 Years
DD 4	Qualification <input type="checkbox"/> Diploma <input type="checkbox"/> BA <input type="checkbox"/> MA <input type="checkbox"/> Ph.D.
DD 5	Position <input type="checkbox"/> General Director <input type="checkbox"/> Branch Manager <input type="checkbox"/> Department Director
DD 6	Institution <input type="checkbox"/> Commercial <input type="checkbox"/> Islamic

## SECTION II: Credit risk management

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
<b>Credit Risk Management: Bank practices to reduce losses resulting from defaulting on loans, such as maintaining sufficient capital and allocations to meet these losses.</b>								
CRM1	A customer's credit rating is a key indicator when granting credit.							
CRM2	The client's previous experience in his field of work is an important indicator in determining the client's competence in technical, financial and administrative terms.							
CRM3	The bank requests from the customer requesting credit an estimated budget to study and analyze it.							
CRM4	The bank insures on credit to maintain returns when credit risk occurs.							
CRM5	The bank studies and evaluates the economic feasibility of the client's projects through specialized experts.							
CRM6	The bank makes sure of the various sources of financing for the customer before providing the required credit facilities.							
CRM7	The bank studies the financial position of the customer before granting him the required credit.							
CRM8	The bank operates within a special system for measuring credit risks and their weights.							
CRM9	The credit portfolio is characterized by diversification and no credit concentration in specific sector or specific clients.							
CRM10	The bank uses a unified model and criteria in studying credit risk that cannot be exceeded.							
CRM11	The bank studies the size of the customer's monthly income / salary to determine the appropriate credit limit and the necessary repayment period.							
CRM12	The bank determines the size of the facilities to be granted to the customer in light of the general economic situation prevailing in the country and the extent of security and political stability in it.							
CRM13	The bank determines the type of credit facilities it intends to grant to its customers, based on the objective and purpose of these facilities.							
CRM14	The bank strives to balance its financial resources and their various uses when granting credit facilities to customers.							

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
CRM15	The bank has an advanced risk information management system that enables it to estimate the size of credit risk.							
CRM16	The bank shall comply with the instructions of the Basel Committee regarding credit risk management.							
CRM17	The bank is committed to the rules of transparency by making information available to market participants about the adequacy of capital.							
CRM18	The bank adheres to the rules of market discipline that are represented in managing credit information systems, credit rating, financial awareness, and returned checks system.							

### SECTION III: The elements of strategic planning

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
<b>Strategic Planning: A process that aims to respond to changes in the surrounding environment, and employees to achieve the goals and mission of the bank. The word strategy means comprehensive planning in the long run.</b>								
SP 1	The Planning Department develops a clear, written vision of it.							
SP 2	The Planning Department develops a clear and written vision of it that is compatible with the bank's internal and external analysis (SWOT Analysis).							
SP 3	The Planning Department develops a clear, written mission to it.							
SP 4	The Planning Department develops a clear and written mission to it, and implements it to achieve the Bank's vision.							
SP 5	The values and principles are consistent in achieving the strategic objectives that work to achieve the vision and mission of the bank.							
SP 6	There are clear written objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.							
SP 7	There are specific objectives for managing credit risk that the bank strives to achieve within the available capabilities and circumstances.							
SP 8	The Credit Risk Manager has a clear vision of the bank's mission and works to communicate it to employees and customers.							
SP 9	A strategic plan is applied to manage the credit risk emerging and integrated with the general strategic plan of the banks.							
SP 10	The strategic plan is effectively applied to the bank's credit risk management.							

### SECTION IV: Factors affecting strategic planning

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
<b>Government Instability: The tendency of change in the current government to adopt the optimal monetary policy that achieves financial stability in the state's economy.</b>								
GI 1	The bank is relying to a large extent on the political status quo to end the reservation in granting credit policies.							
GI 2	Monetary policy still faces obstacles in revitalizing bank credit to the various sectors, especially the productive sectors that play a role in the economy.							
GI 3	The bank raises economic activity by activating the role of bank credit by pursuing an expansionary policy that serves all segments of society and economic sectors.							
GI 4	The bank supports agricultural and industrial establishments by imposing low financing costs on productive projects.							
GI 5	The bank is greatly affected by government intervention and its choice of a fiscal policy that raises or lowers the interest rate in the market.							
<b>Banks' Competition: The current competitive environment among banks due to the increase in the number of banks.</b>								
BC 1	The bank provides a preferential interest rate on credit facilities compared to the interest rates of other competing banks.							
BC 2	The bank seeks to provide facilities for the corporate sector and commercial establishments such as documentary credits and letters of guarantee on easy terms compared to other banks.							
BC3	The bank's provision of credit facilities through electronic cards helped the bank to attract new customers.							
BC4	The bank seeks to create a competitive advantage by providing credit services via the Internet " Online" without the need to visit the bank.							

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
BC5	The bank seeks to keep pace with development and excellence in providing credit services and facilities that meet the needs of customers in all sectors.							
<b>Perceived Environment Uncertainty: Perception of specific risks from the environment surrounding the organization.</b>								
PEU1	The bank resorts to following the gradual principle in granting credit facilities, which is based on knowing the size of the previous credit facilities to the customer to reduce the size of the expected risks.							
PEU2	The bank determines the interest rate or profit margin when granting credit, based on the degree of risk associated with it.							
PEU3	Banks rely on studying and analyzing the expected risks before granting credit.							
PEU4	The current system in the bank provides adequate support to the management that diagnoses and plans for potential crises.							
<b>Organization Size: Expanding the number of branches and employee - The institution invested its financial and human resources in an optimal way to achieve its public and private objectives to ensure continuity.</b>								
OZ 1	All banking services in the bank in all its branches are organized in a manner that achieves the bank's objectives and benefits the customer.							
OZ 2	The bank is keen to attract qualified managers and employees to provide a suitable work environment.							
OZ 3	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.							
OZ 4	The bank works to enable the credit services employee to provide service and solve problems without resorting to the higher authorities in the bank.							
<b>Perceived Risk: Uncertainty about achieving the goal.</b>								
PR 1	The bank seeks to reduce the credit risk ratio while maintaining the achievement							

Code	Question	Strongly Agree	Agree	Agree to some extent	Neutral	Do not agree to some extent	Do not Agree	Strongly Disagree
	of its profitability objectives by choosing a safe credit policy that reduces default rates.							
PR 2	The bank is keen to adopt the best methods to face risks and to develop effective contingency plans.							
PR 3	The bank enjoys high flexibility that connects all its branches, enabling it to provide services and thus avoid problems and reduce risks.							
PR 4	The bank exerts its efforts to meet customer needs and harmonize service in a manner that achieves the bank's objectives with the least risk.							

## استبيان

أثر التخطيط الاستراتيجي على إدارة المخاطر الائتمانية لدى البنوك العاملة في فلسطين.

تقوم الباحثة بإجراء دراسة حول أثر عوامل التخطيط الاستراتيجي على إدارة المخاطر الائتمانية لدى البنوك العاملة في فلسطين وذلك من أجل الحصول على درجة الماجستير في التخطيط الاستراتيجي وتجنيد الأموال.

يرجى من حضرتكم التكرم بتعبئة الاستبيان المرفق راجين منكم الدقة والموضوعية أملاً في الوصول إلى معلومات أفضل لموضوع الدراسة، مؤكداً لكم أن البيانات التي سيتم الحصول عليها عن مؤسساتكم ستبقى سرية ولن تستخدم سوى لأغراض البحث العلمي.

شاكراً لكم حسن تعاونكم.

الباحثة

آية عمّار

القسم الأول: البيانات الديموغرافية (Demographic Data): معلومات عامة عن المشارك في  
تعبئة الاستبيان.

ضع / ي إشارة (✓) أمام المعلومات المطلوبة:

الرمز	السؤال
DD 1	الجنس <input type="checkbox"/> ذكر <input type="checkbox"/> أنثى
DD 2	العمر <input type="checkbox"/> أقل من 30 سنة <input type="checkbox"/> 30 سنة – أقل من 40 سنة <input type="checkbox"/> 40 سنة – أقل من 50 سنة <input type="checkbox"/> 50 سنة فأكثر
DD3	عدد سنوات الخبرة <input type="checkbox"/> أقل من 5 سنوات <input type="checkbox"/> 5 سنوات – أقل من 10 سنوات <input type="checkbox"/> 10 سنوات – أقل من 15 سنة <input type="checkbox"/> 15 سنة فأكثر
DD4	المؤهل العلمي <input type="checkbox"/> دبلوم <input type="checkbox"/> بكالوريوس <input type="checkbox"/> ماجستير <input type="checkbox"/> دكتوراه
DD5	المسمى الوظيفي <input type="checkbox"/> المدير العام <input type="checkbox"/> مدير دائرة <input type="checkbox"/> مدير فرع
DD6	نوع البنك <input type="checkbox"/> تجاري <input type="checkbox"/> إسلامي

## القسم الثاني : إدارة المخاطر الائتمانية

إدارة مخاطر الائتمان (Credit Risk Management): ممارسات البنك لتقليل الخسائر الناتجة عن تعثر السداد للقروض كإحتفاظ برأسمال ومخصصات كافيته لمواجهة تلك الخسائر.							
الرمز	السؤال	أوافق بشدة	أوافق	أوافق لحد ما	محايد	لا أوافق لحد ما	لا أوافق بشدة
CRM 1	يعتبر تصنيف العميل الائتماني مؤشراً أساسياً عند منح الائتمان.						
CRM 2	تعتبر خبرات العميل السابقة في مجال عمله مؤشراً هاماً في تحديد كفاءة العميل من الناحية الفنية والمالية والإدارية.						
CRM 3	يطلب البنك من العميل طالب الائتمان موازنة تقديرية للقيام بدراستها وتحليلها.						
CRM 4	يقوم البنك بالتأمين على الائتمان للحفاظ على العوائد عند حدوث الخطر الائتماني.						
CRM 5	يقوم البنك بدراسة وتقييم الجدوى الاقتصادية لمشاريع العميل من خلال خبراء مختصين.						
CRM 6	يتأكد البنك من مصادر التمويل المختلفة للعميل قبل تقديم التسهيلات الائتمانية المطلوبة.						
CRM 7	يقوم البنك بدراسة المركز المالي للعميل قبل منحه الائتمان المطلوب.						
CRM 8	يعمل البنك ضمن نظام خاص لقياس المخاطر الائتمانية وأوزانها.						
CRM 9	تتسم المحفظة الائتمانية بالتنوع وعدم تركيز الائتمان في قطاع معين أو عملاء معينين.						
CRM 10	يستخدم البنك نموذجاً ومعايير موحدة في دراسة المخاطر الائتمانية لا يمكن تجاوزها.						
CRM 11	يقوم البنك بدراسة حجم دخل / راتب العميل الشهري لتحديد السقف الائتماني المناسب له وفترة السداد اللازمة.						
CRM 12	يحدد البنك حجم التسهيلات المنوي منحها للعميل في ضوء الوضع الاقتصادي العام السائد في البلاد ومدى الاستقرار الأمني والسياسي فيها.						
CRM 13	يحدد البنك نوع التسهيلات الائتمانية المنوي منحها لعملائه بناء على الهدف والغاية من هذه التسهيلات.						
CRM 14	يعمل البنك على الموازنة بين موارده المالية واستخداماتها المختلفة عند منحه التسهيلات الائتمانية للعملاء.						
CRM 15	لدى البنك نظام متقدم في إدارة المعلومات المتعلقة بالمخاطر تمكنه من تقدير حجم المخاطر الائتمانية.						
CRM 16	يلتزم البنك بتعليمات لجنة بازل فيما يتعلق بإدارة مخاطر الائتمان.						
CRM 17	يلتزم البنك بقواعد الشفافية وذلك بإتاحة المعلومات للمشاركين في السوق حول مدى كفاية رأس مال.						
CRM 18	يلتزم البنك بقواعد انضباط السوق التي تتمثل بإدارة أنظمة المعلومات الائتمانية والتصنيف الائتماني والتوعية المالية ونظام الشيكات المعادة.						

### القسم الثالث: عناصر التخطيط الاستراتيجي

الرمز	السؤال	أوافق بشدة	أوافق	أوافق لحد ما	محايد	لا أوافق لحد ما	لا أوافق	لا أوافق بشدة
SP 1	تقوم دائرة التخطيط بتطوير رؤية واضحة ومكتوبة لها تتواءم مع التحليل الداخلي والخارجي للبنك (SWOT Analysis).							
SP 2	تقوم دائرة التخطيط بتطوير رسالة واضحة ومكتوبة لها، وتنفيذها لتحقيق رؤية البنك.							
SP 3	تنسجم القيم والمبادئ فيما يحقق الأهداف الاستراتيجية التي تعمل على تحقيق رؤية ورسالة البنك.							
SP 4	هناك أهداف مكتوبة واضحة ومحددة لإدارة مخاطر الائتمان يسعى البنك لتحقيقها ضمن الإمكانيات والظروف المتاحة.							
SP 5	يملك مدير إدارة مخاطر الائتمان تصورا واضحا لرسالة البنك، ويعمل على إيصالها للموظفين والعملاء.							
SP 6	يتم تطبيق خطة إستراتيجية لإدارة المخاطر الائتمانية المنبثقة والمتكاملة مع الخطة الإستراتيجية العامة للمصارف.							
SP 7	يتم تطبيق الخطة الإستراتيجية بشكل فعال على إدارة المخاطر الائتمانية في البنك.							

### القسم الرابع: العوامل المؤثرة على التخطيط الاستراتيجي

الرمز	السؤال	أوافق بشدة	أوافق	أوافق لحد ما	محايد	لا أوافق لحد ما	لا أوافق	لا أوافق بشدة
عدم الاستقرار الحكومي (Government Instability): نزعة التغيير في الحكومة الحالية لتبني السياسة النقدية المثلى التي تحقق الاستقرار المالي في إقتصاد الدولة.								
GI 1	يعتمد البنك بدرجة كبيرة على الوضع السياسي القائم لإنهاء حالة التحفظ في منح السياسات الائتمانية .							
GI 2	ما زال أمام السياسة النقدية معوقات في تنشيط الائتمان المصرفي للقطاعات المختلفة وخاصة القطاعات الإنتاجية التي تلعب دور في الإقتصاد.							
GI 3	يقوم البنك برفع النشاط الاقتصادي من خلال تفعيل دور الائتمان المصرفي بانتهاج سياسة توسعية تخدم كافة شرائح المجتمع والقطاعات الاقتصادية .							
GI 4	يقوم البنك بدعم المنشآت الزراعية والصناعية عن طريق فرض تكلفة تمويل منخفضة على المشاريع الإنتاجية							
GI 5	يتأثر البنك بشكل كبير بالتدخل الحكومي واختياره لسياسة مالية تعمل على رفع أو خفض سعر الفائدة في السوق.							
منافسة البنوك (Banks' Competition): البيئة التنافسية الحالية بين البنوك نتيجة زيادة عدد البنوك.								
BC 1	يمنح البنك سعر فائدة تفضيلي على التسهيلات الائتمانية مقارنة بأسعار الفائدة لدى البنوك الأخرى المنافسة.							
BC2	يسعى البنك لتقديم تسهيلات لقطاع الشركات والمنشآت التجارية مثل الإعتمادات المستندية وخطابات الضمان بشروط ميسرة مقارنة مع البنوك الأخرى.							
BC 3	تقديم البنك للتسهيلات الائتمانية من خلال البطاقات الإلكترونية ساعد المصرف في جذب زبائن جدد.							

						يسعى البنك إلى خلق ميزة تنافسية من خلال تقديم الخدمات الإئتمانية عن طريق الإنترنت "Online" دون الحاجة إلى زيارة البنك.	BC 4
						يسعى البنك إلى مواكبة التطور والتميز في تقديم الخدمات والتسهيلات الإئتمانية التي تلبي حاجات الزبائن في كافة القطاعات.	BC 5
<b>عدم اليقين في البيئة المدركة (Perceived Environment Uncertainty): تصوّر مخاطر معينة من البيئة المحيطة بالمنظمة.</b>							
						يلجأ البنك إلى اتباع مبدأ التدرج في منح التسهيلات الإئتمانية الذي يقوم على معرفة حجم التسهيلات الإئتمانية السابقة للعميل للتقليل من حجم المخاطر المتوقعة.	PEU 1
						يحدد البنك سعر الفائدة أو هامش الربح عند منح الائتمان بناء على درجة المخاطرة المرتبطة بها.	PEU 2
						تعتمد البنوك على دراسة وتحليل المخاطر المتوقعة قبل منح الائتمان.	PEU 3
						النظام الحالي في البنك يوفر الدعم المناسب للإدارة التي تقوم بالتشخيص والتخطيط للآثار المحتملة.	PEU 4
<b>حجم المنظمة (Organization Size) - Expanding the number of branches and employees : استثمار المؤسسة مواردها المالية البشرية بطريقة مثلى لتحقيق أهدافها العامة والخاصة لضمان الإستمرارية.</b>							
						يتم تنظيم جميع الخدمات المصرفية في البنك بكافة فروعها بأسلوب يحقق أهداف البنك وتعود بالفائدة على العميل.	OZ 1
						يحرص البنك على استقطاب كفاءات من المدراء والموظفين لتوفير بيئة عمل مناسبة.	OZ 2
						يعمل البنك على تمكين موظف الخدمات الإئتمانية من تقديم الخدمة وحل المشكلات دون اللجوء إلى الجهات العليا في البنك.	OZ 3
						تُمنح الفروع صلاحية إتخاذ القرارات التي تتعلق بالتسهيلات الإئتمانية دون الرجوع إلى الإدارة العليا في البنك.	OZ 4
<b>الخطر الملموس (Perceived Risk): عدم التأكد من تحقيق الهدف .</b>							
						يسعى البنك إلى التقليل من نسبة مخاطر الائتمان مع الحفاظ على تحقيق أهدافه الربحية من خلال اختيار سياسة ائتمان آمنة تُقلل من نسب التعرُّر.	PR 1
						يحرص البنك على تبني أفضل الأساليب في مواجهة المخاطر ووضع خطط طوارئ ذات فعالية.	PR 2
						يتمتع البنك بالمرونة العالية التي تربط بين جميع فروعها وتمكّنه من تقديم الخدمات وبالتالي تفادي المشكلات وتقليل المخاطر.	PR 3
						يبدّل البنك جهوده لتلبية احتياجات العملاء ومواءمة الخدمة بالشكل الذي يحقق أهداف البنك بأقل المخاطر.	PR 4

## الملخص

تهدف هذه الرسالة إلى دراسة تأثير التخطيط الاستراتيجي على إدارة مخاطر الائتمان في البنوك العاملة في فلسطين، ولتحقيق أهداف الدراسة، اعتمد الباحث منهج البحث الكمي، وطور استبانة ذات غرض محدود وركزها على عينة مكونة من (120) موظفاً وموظفة يعملون في البنوك في محافظة رام الله والبيرة، وبواقع (14 بنك محلي وأجنبي، و3 بنوك إسلامية) والتي تمثلت بـ(66) مدير فرع، و(14) مدير لإدارة المخاطر، و(14) مدير لدائرة الائتمان، و(14) مدير في قسم التخطيط، وتم اختبار صدق وثبات الاستبانة.

أظهرت النتائج وجود نسبة مرتفعة لإدارة المخاطر لدى القطاع المصرفي في فلسطين، ونسبة مرتفعة من التخطيط الاستراتيجي أيضاً. وأثبتت النتائج وجود تأثير إيجابي دال إحصائياً للتخطيط الاستراتيجي المبني على معايير بازل II & III على إدارة مخاطر الائتمان لدى البنوك العاملة في فلسطين، كما بينت النتائج وجود مجموعة من محددات إدارة مخاطر الائتمان والتي تهدف إلى تطوير منهجية التخطيط الاستراتيجي عند إدارة مخاطر الائتمان.

وأثبتت النتائج وجود علاقة إيجابية دالة إحصائياً بين جميع المتغيرات وإدارة مخاطر الائتمان، كما بينت النتائج وجود تأثير إيجابي دال إحصائياً لبعض هذه المحددات على إدارة مخاطر الائتمان لدى البنوك العاملة في فلسطين. وأوصت الدراسة إلى تعزيز تطبيق الحوكمة الرشيدة في البنوك، وإجراء المزيد من الأبحاث حول الإدارة الحديثة للمخاطر المصرفية، بما في ذلك إدارة المخاطر التشغيلية، وإدارة مخاطر السوق وأسعار الفائدة والصراف الأجنبي.

**الكلمات المفتاحية:** التخطيط الاستراتيجي، إدارة مخاطر الائتمان، عدم الاستقرار الحكومي، المنافسة بين البنوك، حجم المنظمة.