

# Digital Banking

## The Future of the Banking Sector in Palestine



By Mahmoud Shawa

During the past two years, this transformation was wholeheartedly embraced by customers and society due to the many advantages of digital banking services: they save time and effort, facilitate the swift completion of transactions and banking services, reduce the number of visits to bank branches, and lower paper transactions, thereby corresponding with the standards of environmental preservation.

Digital banking promotes sustainable development.



بنك فلسطين  
BANK OF PALESTINE

تأسس عام 1960 Established in 1960

The banking sector in Palestine has taken a great leap forward in recent years, developing its banking and financing services in an effort to increase customer satisfaction and reach the various population segments in all regions. This progress was complemented by the development of the technology infrastructure of Palestinian banks and the banks that are operating in

Palestine and by the adoption of technological solutions to enhance the sector's digital transformation, in turn facilitating and contributing to economic growth.

The steps taken to advance the banking system were consistent with the instructions issued by the Palestinian Monetary Authority that asked banks to work towards achieving financial inclusion, raise the sector's efficiency, and meet the requirements of the various customers, whether individuals or businesses, in a manner that contributes to economic growth. It fell in line with the banking system's commitment to participate actively in economic development efforts and fulfil its social responsibility.

The necessity of such digital transformation emerged clearly during the closures that were imposed as a precaution to confront and contain the COVID-19 pandemic and forced the banking industry to create and implement technological solutions to overcome pandemic-related problems. This experience accelerated the efforts to improve banking and financial services as well as funding programs that respond to the growing and diverse needs of individuals, organizations, and companies.





Bank of Palestine was a leader in taking initiatives to accelerate the process of digital transformation at the internal and external levels and adopting the latest software and secure technologies in order to be able to provide its customers with high-level banking services. It also implemented capacity-building programs to help its employees cope with this transformation and use it optimally to raise the quality of the provided services. All of these changes were in line with the bank's development plans hoping to advance performance efficiency, enhance service quality, improve the level of customer experience, thus achieving customer satisfaction. A strategic aim of digitization remains keeping pace with the diverse banking and financing needs of various segments, including unbanked segments.

Bank of Palestine has launched several e-products and services that efficiently and effectively meet the various requirements of retail and business customers and enable

different institutions and sectors to benefit from e-banking services. It has allocated programs and services that target owners of small, medium, and micro enterprises as well as individuals with limited income, laborers, beneficiaries of aid and assistance programs, and other segments of society. It has also launched the Bank-e application for mobile devices, issued bank cards that offer many advantages and different ceilings to suit various needs, and made available the electronic payment gateway, enabling customers to make payments using QR codes. Targeting the unbanked via e-payments, the bank has invested in PalPay to provide electronic payment services through a wide network of points of sale that are spread across the West Bank and Gaza Strip. PalPay's e-wallet, *Mehfazty*, allows customers and users to make easy and safe payments, enhancing access for various segments, enabling service providers, academic institutions, local bodies, and lending institutions

to increase their collection and revenue rates, thus raising their ability to continue to provide and develop their services.

This progress in the digital banking arena could not have been achieved without the ongoing technological development in Palestine. However, this transformation requires the development of a legal and legislative ecosystem for digital banking services so as to provide a motivating environment that will contribute to the further development of digital banking services. Banks must anticipate and be prepared to meet their customers' future needs for services and banking transactions, and regulators must facilitate these transformations with up-to-date laws and regulations that are not only straightforward but also implemented with agility. Therefore, Palestinian banks must keep pace with globally adopted technological solutions in all banking and financial fields in order to meet the ever-changing needs of customers. With the advancement of financial technology and the ongoing development of digital transformation plans, significant changes will occur in the banking landscape in the coming years. This situation

The transformation of digital banking in Palestine is distinctive and unique and can be built upon to achieve the financial inclusion of all segments of society.

will not only reduce cash but will also include reducing the number of physical branches and creating instead smart digital branches. This does not mean dispensing with employees, as their banking expertise will be utilized to conduct tasks such as developing products and services, ensuring quality control, and managing performance, to name a few.

There also remains a pressing need to raise public awareness and encourage potential customers in all segments of society to take advantage of banking and financial services and applications. More efforts must be made to educate the public about the benefits of using digital banking services and



about the global trend of digital transformation at various levels. In Palestine we are lucky to have the Palestine Monetary Authority, as banking regulator aware of these transformations and is supportive of digitization and encouraging of the banking sector to modernize promoting awareness efforts in this regard.

The digital transformation of banking services also calls for continuous updates of digital security software and an intensification of awareness campaigns about the proper and safe use of internet networks, applications, and electronic links. Customers must know how to avoid causing harm to themselves or other beneficiaries and users, especially since the base of beneficiaries of banking and financial services, including unbanked individuals, has expanded greatly in recent years.

With the increasing developmental and economic challenges, it is important that digital banking services be used to serve and promote key sectors such as health, energy, education, entrepreneurship, and trade. The digital transformation in banking and financial services will support these sectors and enable them to persevere and grow in order to meet the needs of society and strengthen the economy in a sustainable way. Therefore, it is necessary to work in an integrated manner. Banks must strengthen their partnerships with various governmental, civil society, and community institutions as well as international institutions that are capable of enhancing our knowledge and financial capabilities so that we can face future challenges.

Palestine's exceptional ecosystem was achieved by recognized banking and financial expertise and

competencies – despite the many political and economic challenges that the country is facing. We trust that Palestinian banking and entrepreneurship capacities will make even greater strides in the future in the areas of financial technology and digital banking services. We are seeing the advent of local start-ups in the area of fintech and insurtech. We as a bank are helping build the ecosystem for innovation via incubation at Intersect and via early-stage investment through Ibtikar Fund and together with other enablers and stakeholders and look forward to developing the environment for innovation. It is incumbent upon all stakeholders to work together to develop an ecosystem that would incubate these changes toward digitization and innovation.

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