

The Impact of Financial Technology on Promoting the Financial Inclusion of Banks in Arab Countries

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Abstract

This research highlights the importance of financial technology (FinTech) in banking by providing financial and banking services; it also tries to show the impact of such FinTech in promoting financial inclusion to deliver all financial products to a wide segment of customers of different ages and for both sexes, especially the poor. Hence, FinTech works to improve people standard of living by giving them credit at low costs as well as involving all sectors, including small and medium enterprises, with indicators of access to financing. Furthermore, whether FinTech is provided by non-financial companies, individuals or financial and banking institutions, it provides the necessary and rapid financing at the lowest profits. Lately, an emergency financing is introduced, which contributes to supporting sustainable development opportunities. This study applied the descriptive and analytical approach. It relied on revising Arabic and foreign sources and electronic websites related to the topic under study. The experience of the Arab countries has been provided to understand the obstacles they faced and how to overcome them and the opportunities that appeared in front of them. The researcher got some conclusions and recommendations that the purpose of financial inclusion is to integrate the financial excluded individuals in the official financial system. The study reported that among the difficulties faced by FinTech is the weak financial culture of the public. However, this did not stand as an obstacle; the Arab world witnessed a great development in the field of FinTech. Yet, some Arab countries had the lion share, such as the United Arab Emirates. The use of FinTech in the Arab countries faces a number of challenges, including legal, regulatory and financing related to capital. FinTech using the mobile subscribers index plays an effective role in achieving financial inclusion, through the indicators of FinTech and financial inclusion. Most Arab countries still score the lowest levels for the financial inclusion index, due to the lack of interest or development of FinTech, which negatively affects the rise in the financial inclusion index.

Keywords: Arab Banking Sector, Banking System, Central Bank, Financial Inclusion, FinTech.

Introduction

FinTech is one of the modern terms that emerged in the 21st century; its signs appeared amid the 2008 financial crisis. FinTech is considered a decisive closer in the field of financial and banking services. Furthermore, FinTech is considered as a concept that combines both finance and technology. It provides financial services, whether for individuals or institutions with the latest technologies and innovative tools in this field. Thus, the financial system witnessed a shift in FinTech towards the dynamics of the intersection between the sectors of the financial and emerging technological services. Yet, the emerging financial technology companies create financial and banking products and services that develop the levels of financial inclusion of institutions and individuals by promoting access and using of financial services in multiple areas.

In some countries, small and medium enterprises face many challenges due to the recent developments in the field of banking technology in a shift FinTech in the banking structure in general. For example, some jobs that were traditionally performed by employees had performed into an electronic form like the latest automatic teller machines (ATM), Credit/ deduction cards, online financial transactions, online banking services, etc. However, the objective point is that accessing to this technology is limited to certain social group only. A number of reports and investigative research studies clearly showed that great majority of population all over the world cannot access basic banking and financial services. This is called financial exclusions. These people with low incomes cannot reach the prevailing financial services and products such as to have bank accounts that are used to pay payments, keep money, financial transfers, getting credit at reasonable prices, insurance and other financial services (Garg & Agarwal, 2014). Hence, the global interest raises in achieving financial inclusion and working to facilitate the access of all segments of society to financial services.

Research Problem

The weak awareness of cultural, technological and financial of some individuals, especially the poor, stands as an obstacle which prevent such people access to financial and banking services that financial institutions and emerging financial technology companies provide. Therefore, the research problem can be crystalized in the following question:

Does financial technology play a significant role in promoting financial inclusion?

Research Importance

The importance of the study lies in it deals with a vital topic which has received wide attention in recent times, especially with the spread of the Corona virus. Hence, major global countries have turned to the innovations of financial technology companies, to achieve sustainable financial inclusion for small and medium enterprises.

The research gains its importance because it addresses the issue of financial inclusion and determining the contribution of financial technology to enhancing financial inclusion and the interrelationship between them. It also measures the procedures taken by central banks and governments to reduce the cost of opportunities and establish of financial technology companies that contribute to the innovation and development of financial services which integrates the poor people in banking system.

Research Objectives

The objectives of this study are as:

1. Determining the importance of financial inclusion and the challenges that prevent achieving them.
2. Identifying the financial technologies and the expected benefit they provide.
3. Spotting the challenges that prevent applying the financial technologies and their relationship with the financial inclusion.
4. Getting familiarity with some financial experiences and getting benefits from them in a way that serve our current situation.

Research Hypothesis

The financial technologies play a positive role in stimulating financial inclusion by providing financial and banking services to a large segment of population.

Research Design

This study applied the descriptive and analytical approach. It relied on revising Arabic and foreign sources and electronic websites related to the topic under study.

Literature Review

Financial Inclusive

In spite of the various terminologies used whether financial inclusion, financial integration, they all refer to the same connotation which is providing banking and financial services with low cost and affordable price to a large segment of society, especially these who are financially excluded.

The World Bank defined financial inclusion as the state in which individuals and the business sector have adequate access to various financial services and products (payments, savings, credit, remittance and insurance) at an affordable cost and in a manner that meets their needs and helps them improve their standard of living in a safe and sustainable manner (www.worldbank.org).

Likewise, the OECD defined financial inclusion as the process which enables accessing to a wide range of formal and regulated financial services and products is enhanced in an adequate and reasonable time and price. It expands the use of these services and products to different segments of society by adapting innovative approaches that include increasing the financial awareness in order to enhance financial well-being (Arab Monetary Fund, 2015).

Accordingly, it becomes clear that all these concepts refer one meaning, which is to provide and expand the base of official financial services for the various segments of society, including banking transactions at reasonable prices, in a fair and transparent manner.

The World Bank defined financial inclusion as a means that enables individuals and businesses to have access to useful and affordable financial products that meet their needs – transactions, payments, savings, credit and insurance – that are delivered in a responsible and sustainable manner (Abbes et al., 2018).

The Center for Financial Inclusion (in Washington) also defines it as the state in which all individuals are able to access a full range of international services of good quality, at reasonable prices, and in a manner that is comfortable, and preserves the dignity of clients (Saadan & Mahjah, 2018).

The Importance of Financial Inclusion

Financial inclusion contributes to achieving the following:

1. Automating the financial system. It expands the spread of electronic financial services and increases their usage rates to attract more customers, especially with regard to money payments that benefit the sender, the receiver and the financial institutions that provide these services; yet, the payments arrive more quickly and at a lower cost. Furthermore, the financial system will also get benefit by improving its ability to track and control the movement of funds to reduce levels of financial crime and operations related to money laundering and terrorist financing.
2. Achieving sustainable development goals. It provides a range of financial services to micro, small and medium companies. This creates more job opportunities for unemployed youth and people with low-income. It also promotes gender equality by liberating the economic capabilities of women and female entrepreneurs in society. Moreover, financial inclusion contributes to reducing class disparities between groups of society through the provision of financial services to all governorates in the country, including remote villages.
3. Enhancing financial stability. It diversifies the deposit portfolio with banks and financial institutions, which reduces the risks of these banks and institutions. It also participates in the occurrence of economic and political stability in countries with high financial inclusion.
4. Enhancing the ability of individuals to integrate into society by using the financial system to start their own businesses to invest in education and managing financial risks (Al-Nama & Hassan, 2018).
5. Accessing easily to banking services.
6. Improving access to credit, savings and insurance (Garg & Agarwal, 2014).

Pillars for Promoting Financial Inclusion

Enhancing financial inclusion requires the availability of a number of pillars, the following are amongst the most important:

1. Supporting the financial infrastructure to meet the requirements of financial inclusion as well as constructing an appropriate legal environment by issuing and amending regulations and instructions. Financial inclusion also enhances geographical spread by expanding the network branches of financial service providers and establishing access points for financial services such as (agents, phone banking services, points of sale, automated teller machines, and insurance services, etc.

2. Developing payment and settlement systems to facilitate the implementation and settlement of financial transactions between customers in a timely manner. This is achievable by taking advantage of technological developments to expand the provision of digital financial services and mobile payment and provide comprehensive databases that include credit data records for individuals and projects. Moreover, it is necessary to provide database for recording transferred assets and take actions which helps service providers and customers obtain the required information in a transparent way and protect the rights of service providers and customers.
3. Protecting the bank customers from the risks of financial fraud which they may be exposed during their banking transactions, protecting their deposits, savings and other financial assets which fall within the scope of their transactions with the bank. Such customers' protection can be achieved by developing policies and procedures to ensure consumers access to various financial services within an integrated framework of transparency and disclosure in financial dealing in a manner that notifying them with the advantages and risks. This ensures customers to obtain their rights and not harming their interests, especially customers with low income. Furthermore, providing services appropriate to consumers' capabilities and needs, as well as setting effective internal control systems that are efficient and accurate and protect the financial and personal information of its customers (protecting the privacy and confidentiality of information). This can be achieved by providing secure systems for electronic transactions (Saadan & Mahjah, 2018).

Factors Contributing to Increasing Financial Inclusion in Financial Markets

1. Paying attention to the development of financial institutions and companies that depend on long-term financing.
2. Establishing facilities to encourage pension funds and institutions working in the field of insurance to develop long-term plans for investments.
3. Providing incentives and facilities for long-term insurance products.
4. Developing formulas for the interaction between the participant and the organizer and policy makers in market and moving towards a more transparent financial system.
5. Providing tax incentives to encourage long-term investments and savings from small investors to bring additional funds into the financial markets (Obafemi, 2016).

Financial Technology

Financial technology has been defined by the Basel Committee on Banking Supervision to include any technology or financial innovation that leads to a new business model, process or product that has an impact on financial markets and institutions (Adul Rahim & Bin Kaddour, 2018).

FinTech is also defined as an invention which contributes to the elimination of old financing habits. It urges the investor to visit local bank to seek credit for smarter technology, by obtaining crowd funding in a more accessible manner. FinTech is based on the rapid and inexpensive collecting of money worldwide which would have been impossible without the development of financial information technology that shortened the time and distances to start a business (BIBAN Forum, 2017). FinTech is also perceived as those products and services that rely on technology to improve the quality of traditional financial services. This technology is faster, cheaper, easier and accessible to more people. In most cases, these services and products are developed by startup companies (Wamda, 2016).

Moreover, the Global Financial Stability Board defines FinTech as any financial innovations using technology that can create new business models, applications, processes or products, with a material and tangible impact on financial markets and institutions, and on the provision of financial services' (Ramlall, 2018).

FinTech also refers to the provision of new solutions in the field of finance by information technology companies. So, new business models are being created one by one, especially in the field of Business-to-consumer (BtoC) services by using the Internet. The main difference between these new companies and traditional finance companies is their adapting of information technology investment (Iwashita, 2015).

It can be induced that FinTech refers to companies that use technology to make financial systems more convenient and sophisticated and provide financial services more efficient and effective. FinTech it is not limited to specific sectors such as finance or business models, but covers the entire range of services and products that are usually provided by the service Finance industry.

1. Financial Technology Sectors: FinTech Includes Several Sub-sectors, The Most Important Are

- a. Money payments and Transfers: FinTech replaces traditional payment or money transfer systems.

- b. Lending / linking financiers with clients who need financing, direct lending and crowd funding platforms.
- c. Personal/Institutional Finance: FinTech combines the two previous services by providing banking services on digital platforms.
- d. Banking services for investors/capital markets: FinTech usually provides services for investment banks.
- e. Insurance Technology provides insurance products to customers or more efficient and timely risk assessment solutions for insurance companies.
- f. Wealth Management: FinTech provides wealth management solutions to its clients with the support of machine learning.
- g. Regulatory Control Technology: FinTech helps Companies comply with regulations (Insights, 2019).

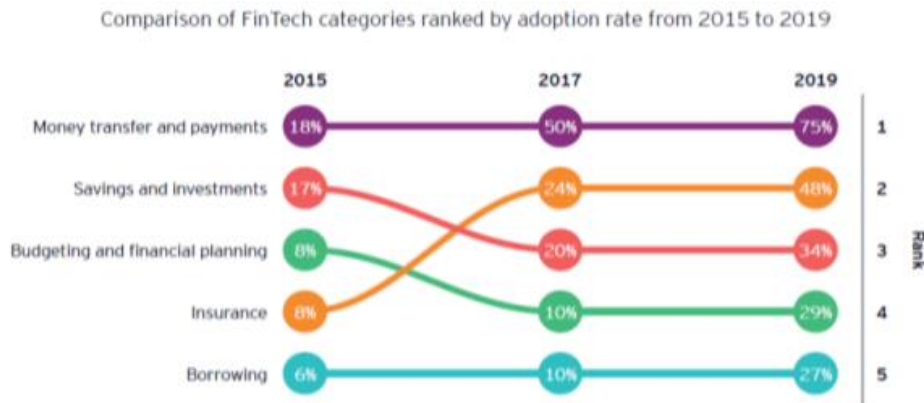


Figure 1: Ranking of FinTech Categories According to the Percentage of Adoption during the Period from 2015 to 2019 (Global FinTech Adoption INDEX, 2019).

2. The Development of FinTech and its Innovations to Support the Financial Needs of Banking Institutions

FinTech with its start-up companies and innovative applications, is witnessing a development at the level of the economies of many countries. FinTech passes significantly in two stages. The first stage begins with the gradual collapse of confidence in the global financial system. The second is with the emergence of the fourth industrial revolution, which is called 4.0. Al-Shatter and Othman, (2020) present the stages of development of FinTech at the global level:

The First Stage (2008-2014): This stage is characterized by the gradual collapse of confidence in the global financial system. Since then, it has been began to talk about alternatives to the existing financial system and the need for modernization and renewal. Hence, organizations from around the world pressed for more legislation regulating the financial sector, which led to raising the cost of compliance on this sector. Moreover, this stage witnessed a growing interest in governance and controlling issues. Besides, the first crypto currency in the world appeared in this period, which demonstrated its quest for liberation from the global monetary system and the dominance of central banks, i.e., Bitcoin in 2008. Its market size reached hundreds of billions. This stage is also characterized by the increasing reliance on smartphones in conducting financial transactions.

The Second Stage (2014 - Until Now) and Some Call it 4.0. It is a distinct stage in the FinTech industry began as an independent industry. This stage began with the clear emergence of hundreds and thousands of pioneering companies in FinTech, most of them from the technical sector, not the financial, to invest in financial services and its innovations such as the payments sector, and investments automated finance, technical smart insurance, regulatory technology, crowdfunding, crypto currency and others, as.

Analysis of the Reality of Financial Inclusion and FinTech for Arab Countries

1. Motives for Developing Financial Inclusion and FinTech in the Arab Countries

1. The spread of financial exclusion, which is characterized by the high cost of obtaining financial services. This prompted economic operators to search for alternatives financial services and to FinTech services to settle their payments and transfers using their smart phones.
2. A large number of individuals do not have bank account is considered one of the most important obstacles facing FinTech companies that seek to improve the quality of financial services they provide to their customers.

3. Shortage of funding directed to projects; it does not exceed 8% of the total size of loans granted by Arab banks, and the difficulty of funding to access to the financial markets to mobilize the funding sources necessary for their activities. Such limitation and shortage encouraged such projects to obtain financing from FinTech companies (Baniya & Qarbou', 2018). Out of bank customers 47% expressed their interest in the financial services provided by these companies.
4. FinTech contributes to expand the use of electronic commerce: The increasing use of mobile and technological media helps in raising and improving the value of electronic commerce.
5. Cross-border trade and remittances of workers abroad: FinTech and its associated innovative financial solutions (virtual currencies, distributed ledgers, and peer-to-peer platforms provide mechanisms for cross-border payments). Thus, FinTech is more efficient, more transparent and more cost-effective than traditional banks or money transfer companies that rely on correspondent banking relationships. Thus, it reduces the challenges arising from the interruption of correspondent banking relationships.
6. Demographics: The population of the Arab countries exceeds 360 million people. These countries are a promising and active market for FinTech companies to receive and attract investments. Furthermore, the improvement of the average per capita, which exceeds \$29.1 thousand in the Gulf countries. This average is considered among the highest rates in the world. It is estimated at 70,000 dollars in Qatar, 39.8 thousand dollars in the Emirates, 29 thousand dollars in Kuwait, 22,000 dollars in Saudi Arabia, 4.2 thousand dollars in Algeria, and 3.4 thousand dollars in Morocco and Jordan, according to International Monetary Fund for the year 2019.
7. Decreasing customer loyalty to their banks: Studies indicate that many customers have decreased loyalty and dealt with banks. Like to many countries, the consumers' loyalty has begun to turn to digital FinTech services in Arab countries. It was reported that about 76% of consumers in the United Arab Emirates trust one technology company at least more than they trust banks when it comes to managing their money, and 83% of the UAE population expresses their openness to adopting FinTech solutions by non-financial institutions (Global FinTech Report, 2019).
8. The emergence of FinTech companies in the Arab countries allows to improve financial services by reducing costs and expanding easy access to them. FinTech helps to change the credit landscape and ensure its stability by collecting data from social networking sites and various sources to assess the needs of financial deficit and small borrowers from the banking system.
9. FinTech also contributes to achieving financial stability in the Arab countries through the use of technology to ensure compliance with regulations and risk management. FinTech also facilitates foreign trade by providing efficient and cost-effective mechanisms for cross-border payments. Therefore, using of electronic payment methods can also raise the efficiency of government operations. Although using electronic payment requires taking more powers at all levels to fill the gaps in the frameworks concerned with regulations, consumer protection, information security, improving the business environment, infrastructure of information and communication technology, and financial awareness.

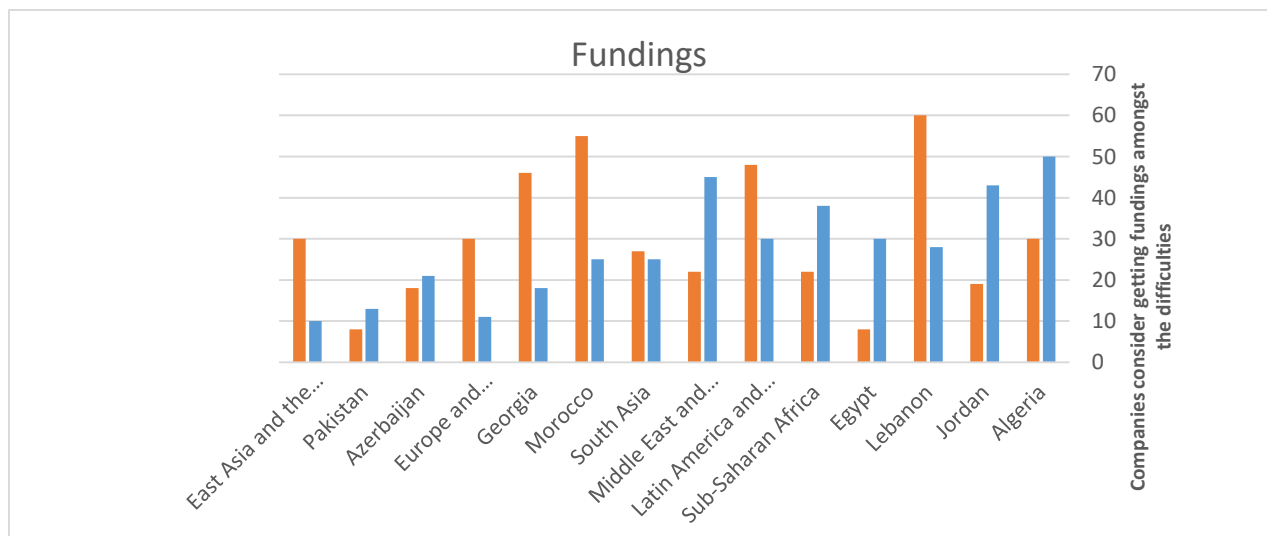


Figure 2: Companies which Get Finance in the Arab Countries (Blanche, 2019)

2. The Role of FinTech in the Arab Banking Sector

Despite the encouragement of innovations in the field of FinTech and its increasing gradual adoption, it is not yet clear the extent of its acceptance and willingness to be integrated into the multiple channels of the banking sector in the process automation and back-office solutions to customers. The transition from a cash-based economy to a cashless economy has increased dramatically, FinTech startup companies were launched in 18 countries until late 2015; such FinTech companies were distributed between the Gulf Cooperation Council countries, the East and North Africa. However, just four countries host approximately 75% of the startups in this field. i.e., the UAE, Lebanon, Jordan and Egypt.

The majority of FinTech companies operate in the UAE, which puts this country in the first rank in terms of the number of emerging FinTech companies and the quality of their work. Moreover, the second batch of FinTech companies in the UAE works in the field of global money transfer with Now Money and Wealth Management (Finerd), insurance with Democracy and Blockchain technology with Bit Oasis. The incubating regional environment witnessed a lot of activity in the past year with the opening of the doors of two accelerators in Cairo and one in Dubai during 2016.

In addition to the launch of the “Regulations Lab” In Abu Dhabi. It is the first FinTech sandbox in the Middle East and North Africa region. This increased support fills the gap, yet emerging FinTech companies are trying to bridge on their own. It is reported that 44% of these companies cooperate with banks and major institutions, and another 44% aspire to building future companies (www.wamda.com, 2017).

3. The Reality of FinTech and Financial Inclusion in Selected Arab Countries

Adapting FinTech, the increase and expansion use of mobile and the Internet access in terms of getting financial services are among the important elements which lead to increasing financial inclusion, but there are several points of view based on several facts. Some points of view see that despite the encouragement of innovations in the field of FinTech and their increasing gradual adoption, yet it is not clear the extent of FinTech acceptance and their readiness to be integrated into the financial sector channels. Other views believe that the services which are provided by FinTech have played an important role in expanding the scope of financial inclusion, by promoting banking services activities which are based on modern technologies. However, it is difficult to imagine the achievement and continuation of financial inclusion while a percentage of society and the economic sector are still excluded from financial services. The indicators of both FinTech and financial inclusion have shown an image of the level of developments that have taken place in this aspect. The following indicators reflect the reality of both FinTech and financial inclusion in the Arab countries.

FinTech Indicators

Over the past few years, the FinTech sector has constituted a revolution in the field of Arab and global financial systems. FinTech meets many of the needs and services related to various financial operations and in advanced methods that greatly compete with traditional financial services in terms of speed and costs. Many emerging companies in the field of FinTech have succeeded in the Arab countries to provide a variety of financial services, including payment services, digital currencies, money transfer, lending, crowd funding, wealth management and insurance services. In what follow is explanations of the most important of these indicators (Union of Arab Banks, 2019).

Digital Payments

The improvement of bulk in the global financial aspect is attributed to the development of digital solutions and the expansion of payments via mobiles and the Internet. Furthermore, the government adopts salary payment systems and social security benefits through bank transfers. In the Arab world, the percentage of adults who made digital payments increased or receiving, from 20% in 2014 to about 26% in 2017, but this percentage remains the lowest globally (Union of Arab Banks, 2019).

The Gulf Cooperation Council countries rank first in digital payment operations. Nearly about 84% of adults In the United Arab Emirates, paid or receipted money via the Internet, followed by Kuwait 74.8%, Saudi Arabia 61.2%.

There was a noticeable increasing in digital payments between 2014 and 2017 in both Iraq and Jordan. The percentage of adults who made digital payments or receipt increased since 2014 in about four times in Iraq, and three times in Jordan.

This reflects the increasing number of users of financial services, digital payments via mobile lines. Table 1 shows the increasing number of subscribers and the averages of the sample countries compared to the Arab World indicator.

Table 1: Number of Subscribers Who Made Digital Payments

Year	2014	2015	2016	2017	2018	average
country						
Emirates	16819024	17942560	19905093	19826224	20081015	18914783,2
Saudi Arabia	52735000	52966066	47932521	40210965	41310584	46997027
Iraq	33000000	33559000	33447000	33415690	36527353	33989808,6
Algeria	3098787	4158518	4100982	3404709	3267592	3606117,6
Kuwait	7600000	7664743	7659365	7138833	7099848	7432557,8
Jordan	11092404	13797968	9818446	9703287	8731760	10628773
Lebanon	4387275	4657651	4277043	4399085	4424185	4429047,8

Using Mobile Bank Accounts to Pay Bills or Shopping

The World Bank data showed, according to the financial inclusion base data, that 15.2 % of adults who have bank accounts in the Arab world used their mobile to long into their bank accounts, and only 9 % of adults have paid bills or online shopping, and these percentages are the lowest on globally. In contrast, the countries of the Organization for Economic Cooperation and Development recorded the highest global percentages of 65.5% and 69.8%, respectively. In the Arab countries, 52.9% of adults who have bank accounts in the United Arab Emirates (UAE) have used their mobile to log into their bank accounts, which is the highest Arab percentage, followed by Saudi Arabia 35.7 %. Kuwait is 29.8 %, Iraq is 25 %. As for paying bills or shopping online, Table 2 shows that the UAE also ranked first in the Arab world with 59.7%, followed by Saudi Arabia 38.5%, Kuwait 35.9%, and Lebanon 16.4% (Union of Arab Banks, 2019). Table 2 displays the numbers of ownership of accounts in financial institutions that are managed through the mobile phone or through the Internet. Table 2 compared the number of account ownership of the (sample) states under study with the Arab world index, during the study period based on the data of the World Bank (www.albankaldawli.org).

UAE has achieved the largest mean scores average amongst the studied countries. It reflects the level of citizens use of technology and the degree of relying on it. UAE always is on the forefront between the countries of the region in the fields of technology.

On the contrary, Iraq has achieved the lowest average amongst the countries. This result indicates to the loss of confidence and the absence of financial and banking awareness supported by modern FinTech means. Besides, the Kingdom of Saudi Arabia Saudi Arabia and Kuwait achieved close average, Table 2 displays these data in detail.

Table 2: Accounts' Ownership in Financial Institutions Via Mobile Phone

Year	2014	2015	2016	2017	2018	Average
country						
Emirates	89981987	776929626	89981987	89981987	829903717	86125859
Saudi Arabia	7793143463	648242569	7793143463	7793143463	6456370544	72636453
Iraq	1457006359	842860985	1457006359	1457006359	1869329071	14166418
Algeria	2355486454	438466473	4336725278	3366474635	4336445376	5464748
Kuwait	8130286789	636726456	8130286789	8130286789	7080115509	75676481
Jordan	3331449509	163352547	3331449509	3331449509	3288019943	29831788
Lebanon	5955028534	283534222	5955028534	5955028534	298943615	47379728

Ranking the Arab Countries According to the Financial Inclusion Indicators

Table 3 shows the ranking of Arab countries amongst 176 countries all over the world according to the World Bank data of financial inclusion for the year 2017. The data were calculated based on several indicators:

- The number of ATMs per 100,000 adults.
- The number of commercial bank branches per 100,000 adults.
- The number of borrowers out of every 1,000 thousand adults.
- The number of depositors with banks out of every 1,000 adults.
- The ratio of loans to GDP (Sabbagh & Gharzi, 2020).

Table 3: Rank of Arab Countries Globally According to the Financial Inclusion Indicators of 2017

Country	Indicator of Financial inclusion (%)	Rank
Lebanon	51.70	37
Amman	46.90	42
Kuwait	42.90	56
Diameter	38.58	57
Jordan	33.9	68
UAE	31.25	76
Morocco	30.95	83
Tunisia	25.68	87
Saudi Arabia	51.70	37
Lebanon	46.90	42
Libya	20.58	109
Palestine	21.36	121
Egypt	20.98	123
Algeria	9.85	137
Sudan	5.92	143
Yemen	3	170

Financial Inclusion Reality in the Arab Countries in Comparison to the World Countries

Table 4 shows the percentages of adults who own financial accounts in the official financial institutions of the Arab world countries compared with the rest of the world. The ownership of financial accounts in official financial institutions (such as banks, post offices or financial service providers) is the main indicator of financial inclusion because it reflects the ability of these institutions to encourage individuals to save.

Table 4: Percentage of Adults who own Accounts with Official Financial Institutions in Arab and Global Countries

Year	In Arabic countries	In the World
2011	% 22.3	% 51
2014	% 29	% 62
2017	% 37.2	% 69

Table 4 shows the percentage of adult individuals owning accounts with official financial institutions in the Arab countries witnessed a remarkable improvement during the period 2011-2017. The percentage was developed from 22.3% in 2011 to 37.2% in 2017, but it is still less than the required level compared to the countries of the world despite the efforts made in this regard. Table 4 indicates that 69% of adults have accounts with banks or financial service providers via mobile phone in 2017 in comparison to 51% of them who owned account in 2011. To sum up, global indicator of financial inclusion database shows that 515 million adults around the world have opened accounts either in financial institutions or through the provision of financial services via mobile phone in the period between 2014 and 2017. It should be noted that there are huge differences between Arab countries with regard to financial inclusion.

Conclusions and Recommendations

Conclusions

1. FinTech seeks to improve the quality of traditional services; it offers them with a management framework for technology and innovation. Yet, these services are distinguished to be fast, less costly and easy to use.
2. The Arab world has witnessed a great development in the field of FinTech. Some Arab countries having the lion share, such as the United Arab Emirates.
3. Using FinTech in the Arab countries is faced with a number of challenges, including legal, organizational and financing related to capital.
4. Financial technology plays an effective role in achieving the financial inclusion, through indicators of mobile subscribers.
5. Most Arab countries still record the lowest levels for the financial inclusion index, due to the lack of interest or development of FinTech; it negatively affects the rise in the indicator of financial inclusion.

Recommendations

1. Modernizing the telecommunications infrastructure. Preparing laws to develop non-cash financial transactions under the umbrella of the Central Bank.
2. It is necessary to adopt a comprehensive strategy aimed at relying on digital payments and FinTech in order to enhance financial inclusion.
3. Financial technology companies should increase the confidence of customers in them, because dissatisfied bank customers due to fear of fraud cling to their loyalty towards their banks.
4. Banks should increase adoption and innovation for more technologies or applications. There is a prevailing opinion that unlike financial technology companies, banks are safer but less innovative.
5. Arab countries in general should increase financial awareness by adapting financial literacy and educational programs, which is reflected in the percentage of using financial services and thus achieving financial inclusion.

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