Chapter I

Introduction

The digital transformation is not only concerned with the application of modern technologies within the institution, but rather it is a comprehensive and integrated program that affects the institution, the method and method of its work internally, and the way through which it provides its services and products to its customers in an easier and faster manner in line with the customer's behavior, meeting his needs and desires, and allowing adaptation to new digital and technological trends (**Skinner, 2014**).

Digital transformation has many and varied benefits, not only at the level of customers, but also for financial and banking institutions by reducing cost, effort and time, improving operational efficiency, organizing and raising their quality, simplifying procedures when providing customer services, and providing opportunities to provide innovative and creative products that contribute to spreading a state of satisfaction and acceptance. The public has towards the services and products of the institution, and it also helps to expand, spread, reach the largest segment of the audience, and attract more targeted customers locally, regionally, and internationally (**Skinner, 2014**).

The most prominent feature of digital transformation and its widest scope is the establishment of integrated digital banks, which requires the Central Bank of Jordan to partner with the Jordanian banking sector in order to keep abreast of the developments taking place in this field and to exploit its fruits in a systematic manner that is consistent with the royal visions of the transition to the digital and knowledge economy (**Revathi, 2019**).

The digital economy is by providing the opportunity for citizens to use information and communication technology as an effective tool to serve the local community in its various categories, with a focus on rural and remote communities with the aim of bridging the digital gap between the governorates of the Kingdom, developing human forces and equipping them with modern economy skills to increase their competitiveness in obtaining jobs and raising their efficiency. The process, and the integration of efforts to achieve comprehensive economic and social development at the level of population communities, which will have direct effects on the life and well-being of the home, and the upgrading of banking sector business models and the nature and quality of financial and banking services and the mechanisms for providing them in accordance with the current development, which pushes them towards more growth and sustainable innovation (**Wadesango & Magaya, 2020**).

The recent circumstances that faced the whole world, as a result of the Corona pandemic, demonstrated the need to strive towards innovation and continuous development and join efforts to make economies that rely on the labor force more flexible and fast, and have the ability to keep pace with rapid changes and developments, which would unleash innovation in new opportunities in a more efficient manner. And effective, and within a range of balance that takes into account the transformative nature of the digital economy, which is accompanied by potential risks and challenges in the process of adoption and application, given the dimensions and effects it causes in the medium and long term on the structure and future of work, which requires careful consideration of the related aspects in terms of supporting the transition to a digital economy. Addressing and managing the risks and challenges that may arise as a result of this transformation (**Wadesango & Magaya, 2020**).

1.1 Background

The adoption of digital services in the banking industry comes as a direct result of the steady development that the world is witnessing in terms of digital technology, means of communication, innovation, and keeping pace with changes in the behaviour and needs of customers. By providing its services through its digital channels, which include services via the Internet and mobile devices, and services through its network of branches, and then launching digital platforms (Digital Brand) through what is known as "Neo Bank", which provides integrated digital banking services to its customers that are not based on branches, but they carry out their business. Based on the existing license granted to these banks, basing some of the services provided through the digital platform on the infrastructure and technological systems of these banks. With regard to the third form, which is the establishment of stand-alone digital banks operating according to independent licenses; these banks provide an integrated digital banking experience, starting with opening an account or an electronic wallet through smart devices, in a way that allows its customers to manage their financial affairs without these banks having any existing branches. And he indicated that the Arab Bank recently launched the first Neo Bank in Jordan under the name (Reflect), which is a non-branch-based digital banking platform that provides easy and flexible access to financial and non-financial services (**Bharadwaj, 2020**).

And those digital banks are one of the main components of moving towards the digital economy through secure banking applications via mobile phones and tablets, which provides an opportunity to remove traditional obstacles to the implementation of banking transactions, and also contributes indirectly to improving the transition towards a cashless society, especially with the availability of payment solutions. New digital services such as the (Click) service, which allows instant transfers through mobile phones between individuals or non-cash payment in shops through the (QR Code) technology, and digital banks will have a positive impact regarding the trend towards coordinating the various legislations that need to be reviewed in light of The rapid developments in order to reach the digital economy, explaining that one of the most prominent characteristics of digital banks is the concept of digital identity, which is an essential component for validating customer transactions in a secure manner and enhancing trust between dealers, and digital banks have a pivotal role in promoting and accelerating innovation in the field of financial services This facilitates linkage with other digital industries, financial technology and public services in a way that serves the financial needs of customers (**Bharadwaj, 2020**).

1.2 Problem Statement

The problem of the study is that digital banks are mainly applications that keep pace with technology, and therefore, especially for Jordanians, they greatly affect the extent of technology use, due to several factors that will be clarified in this study in detail, as digital banks can greatly affect the effectiveness of using Jordanians for technology by providing convenient and effective digital financial solutions. Among the main impact of digital banks on the use of technology for Jordanians, facilitating access to financial services can be noted. Through the use of digital technology, digital banks can provide easier and faster financial services to individuals, allowing them to access bank accounts and financial transactions through the Internet or mobile applications. And reduce cash, as digital banks can help reduce cash and encourage individuals to use electronic payment by issuing credit cards and electronic payment services, and this helps to improve efficiency in financial operations and reduce administrative costs. Also, improving customer services, as digital banks provide data analysis and machine learning tools that help analyze user behavior and improve the financial services provided to them, which helps improve the relationship between digital banks and their customers and increase confidence in the services they provide. Finally, saving time and effort Through the use of digital technology, Jordanians can save the time and effort needed to manage their finances, which allows them more time for other activities (**Alalwan, 2017**).