

# The Importance of Digitization and its Impact on Improving Customer Experience in Algerian Financial Institutions (trust)

Dr. Mekhlouf Mohamed <sup>1</sup>

<sup>1</sup> University Hassiba Benbouali de Chlef, Faculty of Economic and Commercial Sciences and Management, Financial, Banking and Macroeconomic Systems Informant in Light of Global Transformations, Algeria  
E-mail: [m.mekhlouf@univ-chlef.dz](mailto:m.mekhlouf@univ-chlef.dz)

**Abstract---**Digitization is one of the most important technological tools transforming and influencing various aspects of life. Islamic financial institutions in Algeria are part of the digital transformation imposed by practical reality. These institutions have relied on digital technology to improve their services to clients and meet their needs effectively and quickly, enhancing their competitiveness in the Algerian financial market. This is a customer demand to facilitate various financial transactions, including withdrawals, transfers, deposits, and other financial transactions. Digitization in Islamic financial institutions is an urgent necessity imposed by practical reality for these institutions to be effective and address various challenges. Perhaps the most important of these challenges is retaining existing clients and attracting new ones by improving the performance of existing Islamic financial services and innovating new ones to maintain competitiveness in the financial market.

**Keywords---**Digital technology, Financial services, Incentives, Competitions.

## Introduction

The changes the world is undergoing today, in light of rapid technological development, are among the most important reasons for the emergence of digitization. This has become a necessity imposed by practical reality, and its pace has been accelerated by the health crisis that has affected the world, of which Algeria is an integral part. Various institutions have responded positively, including financial institutions, which have begun providing their services remotely to preserve the safety of their

---

## How to Cite:

Mekhlouf, M. (2025). The importance of digitization and its impact on improving customer experience in Algerian financial institutions (trust). *The International Tax Journal*, 52(5), 2190–2201. Retrieved from <https://internationaltaxjournal.online/index.php/itj/article/view/230>

The International tax journal ISSN: 0097-7314 E-ISSN: 3066-2370 © 2025

ITJ is open access and licensed under a Creative Commons Attribution-NonCommercial-NoDerivatives 4.0 International License.

Submitted: 13 February 2025 | Revised: 16 August 2025 | Accepted: 20 September 2025  
2190

employees and citizens alike, on the one hand, and to protect their customers, on the other. Algerian Islamic financial institutions have also been effective in providing these services remotely to improve financial services and reach the largest possible number of customers. The development of digital services within Islamic financial institutions has become a necessity imposed by reality.

Digitization is considered one of the most effective tools for achieving economic development in Algerian financial institutions, whether in terms of helping innovate towards new requirements that keep pace with global and local events and exploring new technologies and methods of consumption, or in terms of reducing costs and facilitating various financial transactions to reach the largest possible number of customers in cities and rural areas. It also reduces various costs, enhances the efficiency of its employees, and achieves transparency for all stakeholders.

These Algerian member institutions require a strategic position to adapt to their digital diversification and integrate them in a comprehensive manner. This is to provide the best organizational alternative for participants and supervisors, enabling them to maintain a comprehensive financial position for these organizations.

**In this research paper, we will address the importance of digitization and its impact on improving customer experience (trust) in Algerian financial institutions.**

### **First: The Importance of Digitization in Algerian Financial Institutions.**

Definition of digital technologies: Digital is a set of tools, systems, and technologies that use digital data and computing to achieve specific goals. Digital technologies encompass a wide range of applications, including software, hardware, online applications, networks, communications, analytics, and more (Hamdoush Wafa, 2021).

It is defined as: "An administrative strategy for modernizing information, working to achieve better services" (Abdel-Aoui, 2017).

It is also known as "the technical and applied language and method for achieving a specific goal through applications that save time and effort for its users" )The Role of Digitization in Upgrading Public Service in Algeria: The Golden Card as a Model, Journal of Economic Analysis and Forecasting( (Ilham, 2022)

Algerian financial institutions can expand their scope of activity to reach a larger segment of customers, especially in remote areas that remain isolated, by providing their financial services via the internet and mobile phones, such as allowing customers to access their bank accounts and conduct various banking transactions easily, at the lowest cost, and in the shortest time. (<https://dzpay.digital>).

Mobile applications and websites are among the most important applications that help customers conduct bank transfers, pay bills, check balances, manage accounts, and other transactions without having to visit bank branches. Insurance company products also enable customers to transfer premiums due to insurance companies and track compensation claims remotely. Insurance companies can also compensate their policyholders by transferring funds to their accounts without having to travel to the company's headquarters. Additionally, customers can view their share of the insurance surplus in Takaful insurance companies at the end of each fiscal year (<https://www.cnepbanque.dz/web/>).

In addition, digitization services in remote areas can improve the payment infrastructure, making it easier for individuals and businesses to access financing and exchange funds. Digitization thus contributes to increasing the financing available to individuals and businesses in Algeria, thereby enhancing economic development and promoting financial inclusion in the country.

By adopting digital technologies, financial institutions can reduce operational costs, such as management and operation costs, supply costs, delivery costs, and storage costs, among others. This allows for additional savings for customers in the form of lower fees or more competitive interest rates. This is a form of service improvement, allowing these institutions to free up additional funds for investment, generating profits.

Human resource efficiency within these institutions can be increased, increasing productivity. The benefits of digitization extend beyond identifying the most significant risks that could threaten these

institutions, such as fraud that could lead to losses, damage to their reputation, or the theft of their property or information, as well as that of their customers, partners, and shareholders. This will increase customer confidence in using digital financial services, (ABDELAOUI, 2017) .

### **Financial Institutions in Algeria**

Second Requirement: Takaful Insurance Companies After the Issuance of Executive Decree No. 21-81 in Algeria.

The availability of the conditions for practicing Takaful insurance in Algeria after the issuance of Executive Decree No. 21-81 led to the establishment of some companies, the conversion of others to Takaful insurance, and the opening of new windows for the industry. A Takaful company for damages and a personal insurance company were established, and one company was converted into a Takaful company. Some private companies were limited to opening new windows for this industry.

- The Algerian General Insurance Company: This is a public company specializing in Takaful insurance for damages. It was established pursuant to the Executive Decree issued on May 30, 2022, with capital from the following insurance companies (SAA, CAAT, CAAR, CASH) and the following public banks (BNA, CPA, CNEP, BEA, BDL, BADR), making it one of the companies with the greatest government support.

The company markets the following products: Takaful insurance for civil liability, Takaful insurance for cars and land vehicles (except for railways), Takaful insurance for accident services (Prostrations indemnities)), Takaful insurance for travel assistance, Takaful insurance for railway vehicles, Takaful insurance for aircraft hulls, Takaful insurance for marine vehicle hulls, Takaful insurance for freight transport, Takaful insurance for fire, explosion and natural disasters, Takaful insurance for housing, Takaful insurance for professional risks, Takaful insurance for decennial civil liability and Takaful insurance for general civil liability (land and air vehicles).

**United Algeria for Family Takaful:** The insurance sector in Algeria was also strengthened by the establishment of the first life insurance company, EL DJAZAIR EL Moutahida Takaful familial. This joint-stock company (SPA) specializes in Takaful operations and is owned by the same shareholders as the Algerian General Insurance Company. It began selling its products through direct and general agencies affiliated with the General Takaful Insurance Company. Personal Takaful insurance companies partner with traditional insurance companies in many insurance products, such as health insurance, disability insurance, and the following insurance products:

- Takaful financing, which repays the debt of its owner in the event of death or disability; Takaful Hajj savings, which helps subscribers perform Hajj; Takaful life insurance, which includes group insurance against bodily accidents; individual Takaful savings; and Takaful reinsurance.

Insurance companies may also develop new products that are in line with societal developments, provided that they are approved by the Sharia Supervisory Board. - Family Rétakaful Window (Rétakaful Familial): A specialized window for family Takaful reinsurance was approved for the Central Conventional Reinsurance Company (CCR) by Decree No. 27 supplementing the decree issued on April 6, 1998.

- Gulf Insurance Group (L'Algérienne des assurances GIG): The group announced the opening of a window for Takaful insurance for damages, alongside conventional insurance. However, this window has not yet begun selling Takaful insurance products. Based on contacts I made with one of the company's public agencies, perhaps 2024 will be the year that the sale of these products in the Algerian market begins, providing a degree of competitiveness to the industry (CNA, 2022).

- Mediterranean Insurance Company (GAM): The company announced the first window for practicing Takaful insurance alongside conventional insurance. It also did not begin selling Takaful insurance products throughout 2023.

TRUST is awaiting accreditation from the relevant ministry. According to a statement by its General Manager, Mr. Khalifati Hassan, Alliance has appointed a committee of experts to prepare for the launch of the "Family Takaful Window for Takaful Insurance" project for personal insurance in partnership

with a foreign operator. The number of insurance companies in the Algerian insurance market (conventional and Takaful) increased to twenty-five (25) companies in 2022 with the accreditation of two public Takaful insurance companies (insurance of damages and personal insurance), and a window for a private company (GAM) to market Takaful insurance products. The accreditation of the Mutual Fund (Maatec) was withdrawn due to non-renewal of its accreditation application. However, it remains active in the Algerian insurance market (Hassan Khalifati, 2021).

In addition to increasing the number of direct agencies (Agences directs), which exceeded 1,064 for both conventional and Takaful insurance systems, two general agents were approved for Takaful insurance, bringing the total number (for both systems) to 1,635 general agents (Agents generous) and 44 insurance brokers (Courtiers) in 2023 (CNA Report, 2024).

Regulatory bodies continued their activities to develop and support insurance companies in Algeria in general, to protect the rights of insured's and to effectively contribute to protecting the national economy by raising the level of performance of these companies.

In addition to the Supreme Islamic Council, which finds solutions and issues fatwas for issues affecting Algerian society within the framework of Islamic Sharia law, the Supreme Islamic Council is currently working to establish an Islamic Services Council in Algeria, to provide a strong impetus to the Islamic financial industry in general and the Takaful insurance industry in particular (Agreement of the Algerian national society has declared, 2022) .

## **Second: Motivations for Digital Transformation in Algerian Financial Institutions.**

Digital technologies can enhance performance efficiency and reduce operating costs for financial institutions, contributing to improving their competitiveness and increasing added value for their customers. They can also enhance competitiveness and encourage innovation in the Algerian financial market, including banks and insurance companies. Perhaps the most important motivations are:

**1. Enhancing and expanding access to financial services:** Digitization allows financial institutions to enhance access to financial services in remote areas. It also allows them to expand their services to include new customer segments, such as youth and technology-enabled groups, by offering innovative services tailored to their needs.

**2. Meeting customer needs:** Given the widespread adoption of digitalization in several companies, customers are increasingly demanding improved service through digitalization, which facilitates communication without commuting, while saving time and effort and reducing costs.

**3. Facing pressure from competitors:** Given the improved services provided by competing companies, digitalization has become one of the most important means of pressuring companies that have not adopted this option.

**4. Reducing operational and transaction costs:** Adopting digital technologies such as mobile banking applications and automated customer services can contribute to reducing operational and international transaction costs for financial institutions, thereby increasing loyalty and reducing customer service costs. Data analytics and artificial intelligence can be used to detect unusual transaction patterns and identify high-risk fraud (Sharqi Asma S. S., 2023).

**5. Improving operational efficiency:** The use of digital technologies such as artificial intelligence and big data analytics in financial institutions can improve the efficiency of daily operations such as banking transactions, loan issuance, and risk management, reducing the time and resources required. It also contributes to reducing operational costs, enabling them to provide more efficient services at a lower cost.

**6. Reducing errors and fraud:** Human errors and fraud in financial transactions can be reduced through accurate analytics, saving financial institutions the cost of error correction and compensation. Compliance with financial laws and regulations can also be improved, as can the security of information and transactions within these institutions through data encryption and two-factor authentication to confirm users' identities before allowing them to access their accounts or complete financial transactions.

### Third: Digital Transformation Requirements for Financial Institutions in Algeria.

Algerian financial institutions need a clear and comprehensive vision for digital transformation through the development of an integrated legislative system. The digital transformation strategy has clearly defined objectives, priorities, and investment planning, enabling the institution to maximize the benefits of digital technology and achieve continuous improvement in its performance and services.

**1. Strategy:** The strategy begins with a clear digital vision, which is a comprehensive understanding of how digital technology can be integrated into its projects and operations. The vision must be specific and focused on leveraging digital transformation to achieve specific, tangible, and measurable digital transformation objectives, such as increasing the volume of online banking transactions by a certain percentage and reducing the time and effort required to process financial requests. This, in turn, leads to improved customer satisfaction.

In addition, priorities must be set based on the defined objectives and vision. Priorities should be aligned with the institution's strategy and current and future technological capabilities. For example, improving data security or developing a mobile application for customers are among the key priorities.

In addition to the above, to complete the strategy, investments must be planned well and in stages. This includes investments in new technology, digital skills training for employees, and upgrading the technological infrastructure. These investments must also be strategic and synchronized with the future growth and development plans of financial institutions in Algeria (Sulaiman Nasser, 2010, ).

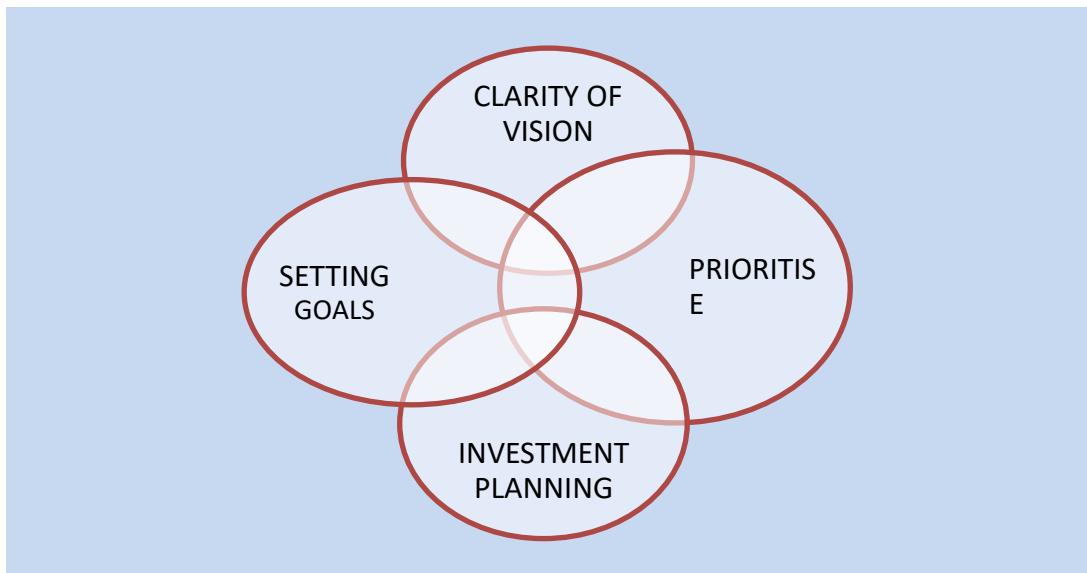


Figure (1) illustrates the elements of the strategy  
Prepared by the researcher based on the above

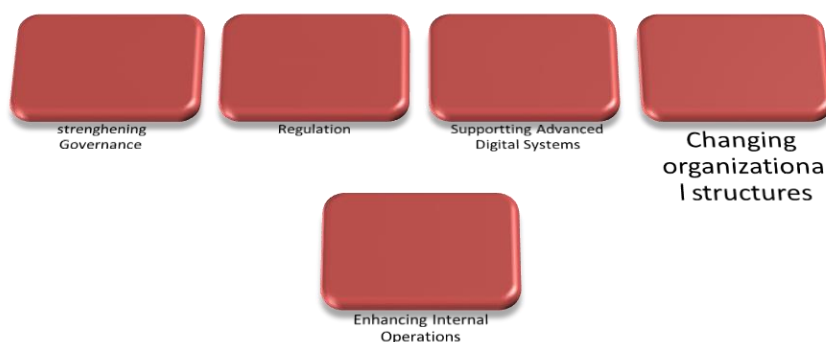
Ultimately, this integrated vision leads to increased transparency, which is one of the most important requirements for successful digital transformation, leading to sustainable growth for these institutions for the longest possible period.

**2. Organization:** Digital transformation requires changing the structures of financial institutions to become more flexible and responsive to the demands of the digital age. These changes could include redesigning departments and organizational units to be more integrated and collaborative, such as creating new departments such as innovation, digital technology, and big data analytics to enhance digital capabilities.

Organization also includes aligning new processes with digital technology, such as the use of customer relationship management systems to improve and streamline the institution's internal processes to enhance efficiency and integration.

New organizational structures must include effective support for advanced digital systems that support digital transformation, which requires the development and implementation of comprehensive data management systems that provide cyber security, cloud solutions, artificial intelligence, and big data analytics in a timely and effortless manner. These systems must also be integrated and compatible with the structure of Algerian financial institutions and their digital needs.

This also includes strengthening digital governance, which is essential to ensuring that operations and technology align with company strategies and legal and regulatory standards. This includes establishing strict policies and procedures for data protection, providing secure access to information, and complying with international and local digital security standards.



**Figure No. (02)** shows the regulatory requirements for digital transformation in Algerian financial institutions.

Prepared by the researcher

**3. Employees:** Employees are the strongest link in the success of the digital transformation process for financial institutions in Algeria, through developing their capabilities and skills, which are a vital component of any effective digital transformation process.

- **Ongoing training:** It must be comprehensive and integrated, covering technical, managerial, organizational, and security and prevention training.

- **Incentives and rewards:** The digital transformation process requires motivating the human element overseeing the digital transformation of Algerian financial institutions (financial rewards, moral rewards, equal opportunities for promotion).

- **Participation in decision-making:** The success of the digital transformation process in financial institutions in Algeria requires employee engagement with its objectives and strategy, and their involvement in its decisions.

**4. Digital Environment:** This relates to creating a secure and reliable digital environment that maintains data privacy and achieves legal compliance. The digital environment must be sustainable and continuously scalable, including the adoption and application of modern digital technologies such as artificial intelligence, cloud computing, blockchain, and big data analytics to improve performance and innovation in financial services. This enables Algerian financial institutions to effectively achieve digital transformation, enhancing their ability to adapt to rapid market changes, improving customer experience, and increasing operational efficiency.

**5. Islamic Financial Products in Algeria:** The Algerian state has enacted several successive legislations to promote Islamic finance through Islamic banks. In 1990, it permitted Islamic banks to operate for economic and social development, a demand that is also widely accepted by the majority of society, given its Muslim population. 6. In 2001, some contractual formulas were included within the framework of Islamic Sharia, pursuant to Law 01-07 amending the Endowments Law, namely (leasing, observatory, restoration and construction). In 2003, the Zakat Fund was established with the possibility of using part of the Zakat funds to support investment projects in Islamic formulas. Then, in 2018, the Central Bank issued Regulation No. 18-02 regulating Islamic banking in Algeria, represented by Regulation 18-02, which regulated the Mudaraba and Musharaka formulas. It was cancelled two years after its issuance, and was replaced by Regulation 20-02, which came with the formulas of Murabaha, Ijara, Salam and Istisna.

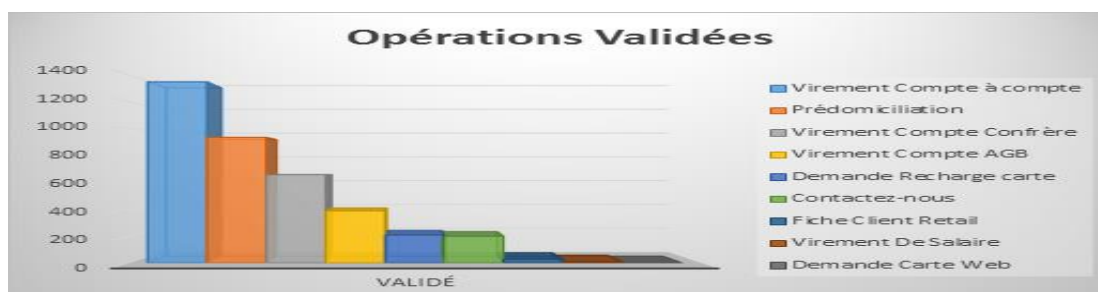
#### **Fourth: Digitization at Gulf Bank Algeria as a Model (AGB BANK)**

Gulf Bank Algeria is considered one of the leading private banks nationally in the use of financial technology and the development of electronic payment systems and methods. For this reason, it was chosen as a practical model. The measures taken by Gulf Bank focused on the following key points (Gulf Bank Algeria Digital Department, 2020):

Developing the bank's website (AGB-Online) and offering free account opening\* on the portal until the end of April 2020 to enable customers to access this service and conduct their transactions online instead of having to travel to the bank (Gazette, 2020.).

**Table No. (01): Transactions executed on the AGB online portal in May 2020 (approved).**

Authenticated transactions	Number
Transfer from account to account	1347
Pre-banking	934
Transfer to another bank account	655
Transfer to an account in the same bank	387
Card filling request	207
Contact us	198
Individuals Customer Card	29
wage transfer	9
Web Card Request	1
The Total	3767



**Figure No. (02): Graphical representation of the operations carried out according to the AGB online portal, May 2020**

Source: Gulf Bank Algeria, Digital Banking Department. June 2020.

We note from the data in Table No. (01), which was translated into graphic columns (Figure 02), that the volume of transfers from one account to another is very large compared to the total operations provided by the portal. The first column represents the transfers made by customers from their current accounts to savings accounts on the electronic portal instead of traveling to the bank's headquarters. These are recurring operations that the customer generally performs with each monthly salary collected. Then, in second place, are the pre-domiciliation operations of imports, which is a mandatory process that precedes each import, as the bank provides it free of charge to its customers. In third and fourth place, we find transfers to accounts in other banks or in other branches of the bank, which represent the settlement of customers' payments with various customers remotely and through the transfer process from one account to another. Then, at lower rates, we find the remaining operations, such as requesting to fill up cards without going to the bank, or providing information, etc. All of these operations are provided by the bank in the form of quick services that are inexpensive in terms of time and effort for customers and employees, and rely on the use of modern financial technology, which has allowed the bank to continue serving its customers remotely during the pandemic )Mohamed و Nassereddine(2021).

**Table No. (02): Rejected transactions on the AGB online portal May 2020 (rejected)**

Rejected Operations	العدد
Pre-settlement	168
Request Card Top-up	72
Retail Customer Sheet	53
Account to Account Transfer	50
Contact us	34
AGB Account Transfer	12
Transfer to Colleague Account	3
Web Map Request	2
Prospect Retail	2
Salary Transfer	2
Reissue of the e-Commerce Code	1
National PIN Code Reissue	1
<b>Grand total</b>	<b>400</b>

**Source: Gulf Bank Algeria, Digital Banking Department. June 2020**

Some transactions on the AGBonline portal are rejected for several reasons, the most important of which are inconsistent information provided, errors in the amount being written, and inconsistent documents being attached. The volume of rejected transactions represents 9.5% of the total number of transactions executed, reflecting the high level of awareness among Gulf Bank customers and the effectiveness of the bank's systems. The majority of rejected transactions involve pre-domiciliation of imports, not due to a lack of customer awareness, but rather due to the complexity of the process.

Its difficulty and importance, in principle, are due to the fact that the importing customer does not have almost all the information (name of the exporter, address, goods document, customs status, etc.), nor the required legal documents (invoice, legality, duty payment document, etc.), which inevitably leads to a valid refusal to operate again, which does not constitute a refusal for this type of transaction. (Muhammad and Nasser Al-Din, 2021)



• **Summary of AGB Online transactions for May 2020 by customer segment and subscription type**

The following tables represent a breakdown of previous transactions by customer categories who can access the portal via the private space, which are divided into three categories: corporate entities, professionals, and individuals.

The AGBOnline service is available through two subscription types, available to each segment (i.e., each customer). The free subscription, the "pack de base," does not incur any fees and provides the ability to preview and print (printing account statements, printing bank IDs, etc.) and some simple transactions. The paid subscription, the "pack de plus," does not incur fees and allows the customer to perform several transactions in addition to previewing and printing. The subscription fee varies according to the customer category and is as follows: 150 DZD per month for individuals, 500 DZD per month for professionals, and 3,000 DZD for businesses. (Gulf Bank Algeria, Banking Terms of Reference 2020)

**Note:** Subscription fees for the Pack de Plus model were waived for all segments during the pandemic months as part of the measures taken to limit the spread of the epidemic using financial technology. This was done in order to enable all customers to carry out their transactions remotely and without having to travel to the bank's headquarters, especially in light of the suspension of all means of transportation (Mohamed & Nassereddine, The role of digitizing the Algerian banking sector in mitigating the repercussions of the Corona crisis, 2021).

**1. Private Space (for bank customers)**

This space includes a group of segments, listed below:

- **Corporate segment:** This segment includes most public and private institutions in the Algerian economic sector.

**Table No. (03): Number of AGB ONLINE transactions for the corporate segment**

Operations	Basic Corporate Pack	Corporate pack plus
Pre-domiciliation	837	256
Account to Account Transfer	30	33
AGB Account Transfer	8	141
Transfer to Colleague Account	1	199
Salary Transfer		9
grand total	876	638

Source: Gulf Bank Algeria, Digital Banking Department. June 2020.

The total number of transactions executed through the portal for this segment during May 2020 was 1,514, the majority of which were pre-domiciled imports (72%), given its mandatory nature for every importer. Most of these transactions were completed through the free subscription, which, as noted, provides this facility. What is notable is the large number of transactions executed through the paid subscription, which was opened free of charge during the pandemic months. This reflects the development of the relationship between the bank and its customers and the effectiveness of the bank's communication channels - **The Professionals segment** represents the volume of business completed through the bank's dealings with the Professionals segment (nasri m. , 2021).

**Table No. (04): Number of AGB ONLINE transactions for the professional segment**

Operations	Professional Pack	Basic Pack	Professional Pack	Plus
Pre-domiciliation	6		3	
Account to Account Transfer	1		...	
AGB Account Transfer	...		25	
Transfer to Colleague Account	...		40	
Salary Transfer	1		1	
grand total	8		69	

Source: Gulf Bank Algeria, Digital Banking Department. June 2020.

Regarding the transactions completed by professionals during May 2020, which totaled 77 transactions, the majority (89.6%) were through paid subscriptions (which were carried out free of charge). Pre-domiciliation of imports represented a small percentage (11.5%), as most importers are institutions (legal entities). The largest percentage was transfer to an account in another bank (52%), followed by transfer to an account in the same bank (32.5%). These transactions represent the professional category's implementation of financial transactions related to their daily activities via the bank's electronic portal, particularly with regard to paying for purchases (goods or services) via remote bank transfers instead of going to the bank or paying in cash. This represents a positive development in the development of banking services in Algeria and the maturing of banking awareness and culture among customers.

## 2. Public Space (for website visitors)

This is embodied on the bank's website, and displays the number of visitors to the site to learn about the bank's services, online transactions, and various information.

- **Electronic Payment:** This process involves using bank cards (CIB) to pay for certain transactions online, such as paying electricity, water, landline and mobile phone bills, and even purchasing certain goods and items online with the possibility of delivery. These transactions require the presence of the following parties: the online merchant (web merchant), the customer holding the bank card, and the local bank.

In this context, the bank integrated an additional web merchant in May. This company specializes in selling various consumer items: cosmetics, food, household appliances, etc., with home delivery. This web merchant model has been highly appreciated by the GIE (Group of Electronic Money Transfers) (the body responsible for regulating electronic payments in Algeria, discussed in the following paragraph) (NASRI, 2021)

**Table No. (06): Number of electronic payment transactions using the AGB card**

Total	Interbank**	Internal*	Month
5008	4856	152	January
4459	4226	233	February
7092	6855	237	March
9720	9290	430	April
11310	11106	204	May

The customer and merchant are domiciled at Gulf Bank Algeria.

The customer is domiciled at Gulf Bank Algeria, and the merchant is domiciled at another bank.

Source: Gulf Bank Algeria, Digital Banking Department. June 2020.

Based on the data in Table (6), we can say that the volume of electronic payment transactions during January and February was average and similar. However, starting in March, it began to rise, reaching a record high in May, reaching 225.83% compared to January of the same year. This explains why most transactions were conducted using electronic payments, particularly external payments, as a result of quarantine measures imposed due to the outbreak of the COVID-19 pandemic, which saw a significant increase in the number of infections between March and May. This is primarily due to the media campaign the bank launched with its customers using various means (SMS messages, emails, etc.) to raise awareness of the importance of electronic payments.

Therefore, Gulf Bank's online electronic payment card allowed for an increase in the volume of digital electronic financial transactions and provided a means for many customers to settle various obligations. It also allowed the bank to continue its banking activities and generate returns that mitigated the impact of quarantine measures (nasri, 2021)

### **Fifth: Challenges of Developing Digital Services in Algerian Financial Institutions**

Despite the technical and technological advancements achieved by Algerian financial institutions, they face several challenges, including legislative, operational, technical, and cybersecurity challenges. These challenges are constantly increasing, requiring them to redouble their efforts to overcome them and keep pace with global developments.

1. Weak digital infrastructure: Weak digital infrastructure is one of the major challenges facing financial institutions in Algeria, including banks and insurance companies. Here are some reasons why this challenge is significant:
2. Delayed technological development: Financial institutions in Algeria may face delays in adopting modern technologies such as cloud computing, artificial intelligence, and big data analytics, reducing their ability to provide advanced and competitive digital services.\*† (Nabila Qarziz, Volume 81)
3. Lack of investment in digital infrastructure: There may be a lack of funding and investment in developing digital infrastructure, reducing the ability of financial institutions to modernize their systems and technologies. (Sharqi Asma, 2023)
4. Lack of technical skills: There may be a shortage of technical skills available in the labor market, making it difficult for financial institutions to recruit and train the technical personnel needed to develop and maintain digital infrastructure.
5. Legislative and regulatory restrictions: Government legislation and regulations may impose restrictions on the use of digital technologies in the financial sector, hindering modernization and development efforts.
6. Cyber security challenges: Financial institutions may face increasing cyber security challenges, requiring additional investments to enhance protection against cyber threats. (Shushan Khadija, 2023)

To overcome these challenges, Algerian financial institutions must invest in modernizing their digital infrastructure and develop technology strategies that enhance efficiency and provide superior customer experiences.

### **Conclusion**

Digitization has become an urgent necessity in life in general, and in economic and financial life in particular. Human life today is intertwined with digitalization in ways we never imagined before. Technological innovations are accelerating, exceeding expectations, and changing the way we think and interact with the world around us. The impacts of digitalization range from improving the efficiency of

---

industrial processes to providing access to knowledge and education, from enabling medical innovation to enhancing human connections across the globe.

However, with every advancement come challenges. Digital security is a challenge, as cyber threats and breaches threaten our privacy and personal safety. Ethical and legal challenges also raise concerns about the use of personal data and artificial intelligence in ways that exceed the boundaries of privacy and individual rights.

Therefore, we must approach these challenges with caution and proactive thinking.

The global community needs strong international regulations to ensure that digitalization enhances humanity without harming it. This also requires the development of appropriate policies and continuous education on technology to ensure we reap the full benefits of digitalization without falling into potential pitfalls. Digitization can be a new addition to financial institutions. If we can address challenges intelligently and work together, digitization will be a key component in building a more sustainable and resilient future, where technology can provide solutions to the major challenges we face as humanity.

## **Recommendations**

- Algerian financial institutions must invest in modernizing and improving their technical infrastructure, including networks, systems, and cybersecurity. This infrastructure must be capable of accommodating emerging technologies such as artificial intelligence and big data analytics.
- Financial institutions must provide comprehensive digital banking services that allow customers easy and secure access to financial services online and on mobile devices. These services must be fast, convenient, and comprehensive.
- Improving customer experience: Algerian institutions should improve customer experience by providing advanced digital platforms that enable seamless and efficient interaction with customers, whether through immediate online support or self-service.
- Technical training and qualification: Institutions must invest in training their employees on new technology and how to use it effectively. This includes enhancing cyber awareness and the ability to deal with growing security threats.
- Compliance with legal regulations: Algerian financial institutions must comply with local and international legislation and regulations related to digitization and cybersecurity. These institutions must be able to effectively protect customer data and sensitive information.
- Algerian financial institutions can explore partnerships with technology startups and digital providers to foster innovation in financial services. These partnerships can contribute to the development of new and innovative solutions that meet the needs of the local market.