



The Legal Regulation of Electronic Banking How Does the Monetary and Banking Law 09 23 Enhance Trust in Digital Transactions ?

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Abstract:

The banking sector is undergoing a radical transformation with the which has become a cornerstone of the modern ,rise of electronic banking 09/23the Monetary and Banking Law ,In this context .financial system plays a pivotal role in regulating these processes by providing a legal and ,enhances transparency ,framework that ensures consumer protection This topic explores how .ansactionsmitigates risks associated with digital tr this law fosters trust in electronic banking by establishing clear standards for It also .and combating cybercrime ,safeguarding data ,digital dealings discusses the challenges of implementing these laws amid rapid ological advancements and raises questions about their effectiveness in techn digital transformations keeping pace with future

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Introduction:

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banking coincided with the rise of the concept. The emergence of electronic money, which "Monétique" leading to the creation of the term, refers to financial transactions conducted using modern technological means. The use of alternatives to traditional cash began in the early 20th century. The introduction of electronic cards in France as a tool to improve and facilitate payment processes paved the way for the development of electronic solutions that marked the beginning of the shift. Over time, financial transactions shifted toward the use of electronic means, but the widespread adoption of electronic banking did not occur until the early 1990s. The reliance on commerce and the increasing coincidence with the expansion of e-commerce. This technological shift, the internet for conducting financial transactions pushed banks to develop electronic banking systems to keep pace with the demands of the digital economy, which began to assert itself strongly on a global scale.

Financial services conducted remotely using modern technological means represent a radical transformation in the banking world. Customers no longer need to visit bank branches to complete their transactions; instead, they can manage their accounts and carry out various banking operations from anywhere and at any time. These services, offered by digital banks under various names—such as Internet Banking, Home Banking, Online Banking, and Self-Service Banking—embody the new concept of the digital economy. These financial services aim to provide convenience and flexibility to customers while reducing the need to visit bank branches, thereby improving efficiency and reducing the time required to complete transactions. Moreover, these systems allow customers to conduct banking transactions at any time of the day, including outside official working hours, enhancing service levels and providing convenience to users.

In this context, Algeria recognized the importance of developing information and communication technology over twenty years ago, as part of its efforts to keep pace with global advancements in the digital economy and e-commerce. Adopting this technological shift has become essential to ensure the success of the country's economic development path and achieve integration with the global economy. Efforts were not limited to developing

technological infrastructure but also extended to amending the legislative system to align with the new requirements of the knowledge economy and digitalization. This was achieved through substantial modifications to the legal framework to include electronic transactions. Among the most notable amendments was Law No. 23-09, dated June 21, 2023 (the Monetary and Banking Law, published in Official Gazette No. 43 on June 27, 2023), which expanded banking activities and allowed financial institutions to establish digital banks. This represents a significant step toward a full transition to digital banking. Parallel to this law, Bank of Algeria Regulation No. 24-04, dated October 13, 2024, was issued, outlining the specific conditions for licensing and establishing digital banks and providing a legal framework to regulate this modern type of banking activity. This contributes to accelerating the digital transformation of Algeria's banking system.

This research paper aims to study and analyze the concept of electronic banks and how this idea is being implemented in Algeria. It addresses the following central question: What is meant by electronic banks, and what are the possibilities and challenges that may face their implementation in Algeria? To answer these questions, a descriptive-analytical approach was adopted, requiring the collection of data and information related to electronic banking and digital banks, followed by an in-depth study and analysis from both legal and economic perspectives. Relevant legal texts will also be reviewed, with a focus on the legislation and amendments made in Algeria to facilitate the establishment and development of digital banks.

The paper will address the topic according to the following structure

The Concept of Electronic Banks :Section One

Scholars have differed in formulating a comprehensive definition of as well as in enumerating its advantages and ,electronic banking Electronic banks are divided into several .(ionFirst Subsect)disadvantages allowing for the provision of ,types according to jurisprudential trends .(Second Subsection)various services

The Concept of Electronic Banking and Its :First Subsection Characteristics



we will address the definition of electronic banking ,In this subsection before moving on to its most important advantages and (First Branch) .(Second Branch)disadvantages

Definition of Electronic Banking :First Branch

but they ,ital banksScholars have not agreed on a unified definition of dig electronic ,Among these definitions .have concurred on the key elements :banking is described as

or promoted ,executed ,All operations and activities that are concluded" o means by banks and financial institutions through electronic and audi "(.etc ,internet ,ATM ,computer ,telephone)(Nazem & Abdellat, 2008, p. 28)

:Another definition states that it is

The introduction of information and communication technology into " "banking activities(Belkacem & Ben Ismail, 2014, p. 14)

:It is also defined as

A networked financial institution that provides its services using " "electronic methods(Maati & Bougmaqoum, 2004, p. 198)

it was necessary to equip a personal computer with appropriate ,Initially This later evolved .ther for free or for a fee, software provided by the bank allowing customers to access services ,into the creation of virtual banks These electronic banks are not merely .through internet subscriptions hey are t ,rather ;branches of existing banks offering financial services and advisory ,administrative ,commercial ,comprehensive financial They aim to compete with traditional .platforms with independent existence banks by offering services that were once exclusive to them(Khairi, 2009, p. 184; Arabah, 2012, p. 14)

:ther definition describes it asAno

using new ,.e.i ,Conducting banking operations electronically" whether related to ,information and communication technologies or other banking ,securities trading ,transfers ,credit ,payments ,withdrawals this mode of banking Under "...Under this mode of practice .activities .the customer is no longer required to visit the bank physically ,practice they can perform certain banking transactions with their bank from ,Instead

effectively overcoming the constraints ,the comfort of their home or office and space of time(Rahim & Houari, 2004, p. 316)

we observe that they share the ,From the definitions provided or selected which ,common feature of integrating digital technology into their services ons vary these definiti ,However .distinguishes them from traditional banks by applying it to "electronic"Some obscure the term .in their approach ordinary banks that have expanded their activities through the use of modern while others consider electronic banks to be virtual entities that exist ,means .with no physical presence ,rnet as websitessolely on the inte

Advantages and Disadvantages of Electronic Banks :Second Branch

1 / Advantages of Electronic Banks

The following advantages have contributed to the widespread adoption of :this type of banking

The ability to reach a broad base of customers without :ityAccessibil - .being constrained by time or location

,marketing ,financial ,Linked to technical :Efficiency in Performance - and administrative functions associated with electronic ,advisory ,legal tivitiesbanking ac(Mamdouh, 2006, p. 200)

Customers can easily connect with the bank :Ease of Communication - via the internet and complete all service procedures in a very short time .compared to visiting a physical branch

Enhances trust between customers and :Confidentiality of Transactions - .the bank

along with ,Reduced fees compared to traditional banks :Lower Costs - .improved service quality

Offering exclusive benefits :Premium Services for Business Clients - gh a range of bank cards that can be used at major locations worldwide throu (180) .p ,2015 ,Amer)

Agreements on deduction times and efficient :Payment Organization - .management of financial transfers without disrupting payment schedules

Electronic banking transactions have introduced a :Safety and Security - loss ,level of security by eliminating concerns such as theft of paper checks .and the need to carry cash ,of checks

Clear Financial Planning and Accurate Transactions -(Rialy Financial Awareness, 2024)



Disadvantages of Electronic Banking2)

electronic banks are not without drawbacks and ,Despite their advantages
:Some of these include .as is the case with any new technology ,risks

This can lead to :Widening the Gap Between Bank and Customer -
.exposing banks to fraud ,ing without sufficient guaranteeslend

Customers can transfer funds with a :Difficulty in Monitoring Liquidity -
negatively impacting ,either out of or into their home country ,single click
.national economies

,Customers may fall victim to scams :Risk of Fraud and Cybercrime -
Systems may also be .or breaches of confidentiality ,credit card forgery
,Aya Saad]) vulnerable to viruses that can cause malfunctions or shutdowns
2024)

c BankingRisks Associated with Electroni

The potential for losses due to inadequate software :Operational Risks -
.or customer errors

or ,invalid clauses ,Often related to electronic signatures :Legal Risks -
.the applicable law

an electronic bank Negative news or rumors about :Reputational Risks -
.can affect the reputation of other banks

Linked to the timely execution of obligations by :Automatic Risks -
.participants

Associated with rapid technological changes :Technological Risks -
188)p , ,Khairy Mustafa Katata])

Types of Electronic Banks and Their Services :Second Subsection

First)we will discuss the types of electronic banks ,In this subsection
(.Second Branch)and the various services they offer (Branch

Types of Electronic Banks :First Branch

:nks can be categorized into three typesElectronic ba

:Informational Bank .1

The .This represents the most basic level of electronic banking activity bank provides information about its products and banking services through .its platform

:Interactive Bank .2

s website allows direct communication between the bank and 'The bank or by enabling customers to fill out credit ,live chat ,its customers via email .card applications or modify their information

:Transactional Bank .3

nearly all the services of a traditional bank but in This type of bank offers It allows customers to receive electronic .an electronic environment ,statements

and make ,pay bills ,transfer funds between their accounts within the bank This form represents the actual electronic bank .cash payments(Qandilji, 2015, p. 182; Jalab, Year)

Services Offered by Electronic Banks :Second Branch

some of which are shared ,range of services Electronic banks provide a .while others are unique to electronic banking ,with traditional banks :Examples include

:Providing Necessary Information to Customers -

.Delivering information as requested by customers

:nsfersConducting Tra -

Facilitating transfers between internal accounts and accounts at other .banks

:Accessing Account Statements and Reports -

Allowing customers to review their accounts and obtain necessary .reports

:Paying Installments and Periodic Bills -

.Enabling customers to settle due installments and recurring bills



- :Submitting Personal Loan Applications -
 - .Allowing customers to apply for loans online
 - :Offering Insurance Services -
 - .related services-uranceProviding ins
 - :Opening Accounts Online -
 - .s website'Enabling customers to open accounts by accessing the bank
 - :Adding or Deducting Funds from Accounts-
 - .Facilitating deposits and withdrawals electronically
 - :Paying Service Bills -
 - .Allowing customers to pay utility and service bills
 - :Buying and Selling Stocks-
 - .Providing platforms for trading stocks
 - :Purchasing Savings Certificates -
 - , **Nadia Abdel Rahim**) Offering options to buy savings certificates
- .2011/2010)**

Electronic Banks in Algeria :ion TwoSect

The digitization of the banking sector in various countries around the world has opened new horizons for marketing banking products significant profits that have contributed to the revitalization of these economies within the context of (First Subsection)establishment of electronic banks (Second Subsection)the current state of electronic banking in Algeria

Approval for Establishing Electronic Licensing and :First Subsection Banks

is subject to a set of legal ,in general ,The establishment of a bank These .the Monetary and Banking Law ,09-23conditions outlined in Law lated as stipu ,same conditions apply to the establishment of electronic banks In .2024 ,13issued by the Bank of Algeria on October 04-24in Regulation we will first address the licensing for establishing a digital ,this subsection .(Second Branch)and then discuss its approval (First Branch)bank

Definition and –or Establishing a Digital Bank Licensing f :First Branch Conditions

Definition of Licensing for Establishing a Digital Bank 1)

Licensing for establishing a digital bank refers to the official s the such a ,authorization granted by the relevant regulatory authorities to create and operate a bank that provides its services ,Bank of Algeria This license ensures that the .primarily through electronic and digital means and operational standards set by ,financial ,digital bank complies with legal .orkthe regulatory framew

Conditions for Granting the License 2)

The conditions for granting a license to establish a digital bank are but ,These conditions include .04-24and Regulation 09-23outlined in Law :are not limited to

The bank must be registered as a legal entity and :Legal Requirements - .comply with all applicable laws and regulations

The bank must meet minimum capital :Financial Requirements - ntial requirements to ensure financial stability and the ability to cover pote .risks

The bank must demonstrate the capability to :Technical Requirements - implement secure and reliable digital infrastructure to protect customer data .and ensure smooth operations

,ness planThe bank must have a clear busi :Operational Requirements - and service ,risk management ,including strategies for customer acquisition .delivery

money-The bank must adhere to anti :Compliance Requirements - as ,regulations (CTF)terrorism financing -and counter (AML)laundering .measures well as other compliance

These conditions aim to ensure that digital banks operate in a manner that and contributes to the ,maintains financial stability ,protects customers .overall development of the banking sector in Algeria



Licensing for Establishing a Digital Bank – Definition and Conditions

1) Definition of Licensing for Establishing a Digital Bank

Licensing is the first mandatory preliminary step for establishing any bank in Algeria, including digital banks. The Algerian legislator regulated this process in Chapter IV of Law 23-09. Article 89 of Law 23-09 states:

"The Council must authorize the establishment of a bank, financial institution, independent intermediary, exchange office, or payment service provider subject to Algerian law..."

Additionally, Article 90 of Law 23-09 specifies:

"The Council authorizes the establishment of investment banks and digital banks."

However, the law does not provide a specific definition of licensing.

2) Doctrinal Definitions of Licensing

In legal doctrine, licensing is defined as:

"The permission or authorization granted by an administrative or judicial authority to an individual or entity to engage in a legal activity that requires such permission" ([Jaljal Radouane, 2018, p. 84]).

It is also defined as:

"A procedure that allows the administration or public authorities to exercise strict control over certain activities" (Maghrebi Radouane, 2004, p. 71).

Regarding the licensing to establish a bank, some legal scholars define it as:

"An individual administrative decision issued by the Monetary and Banking Council, in its capacity as a monetary authority, granting permission to establish a bank" ([Boukabane Akacha, , 2017, p. 46).

This decision is subject to judicial review and can be challenged before the administrative court, as stipulated in Article 95 of Law 23-09.

3) Conditions for Granting the License

The conditions for granting a license to establish a digital bank are outlined in Law 23-09 and Regulation 24-04. These conditions include, but are not limited to:

- Legal Requirements: The bank must be registered as a legal entity and comply with all applicable laws and regulations.

- Financial Requirements: The bank must meet minimum capital requirements to ensure financial stability and the ability to cover potential risks.

- Technical Requirements: The bank must demonstrate the capability to implement secure and reliable digital infrastructure to protect customer data and ensure smooth operations.

- Operational Requirements: The bank must have a clear business plan, including strategies for customer acquisition, risk management, and service delivery.

- Compliance Requirements: The bank must adhere to anti-money laundering (AML) and counter-terrorism financing (CTF) regulations, as well as other compliance measures.

These conditions aim to ensure that digital banks operate in a manner that protects customers, maintains financial stability, and contributes to the overall development of the banking sector in Algeria.

Second Subsection: Conditions for Granting a License to Establish a Digital Bank

To obtain a license to establish a digital bank, the founders must submit an application to the Monetary and Banking Council. This application is subject to a set of conditions outlined in Regulation 24-04, issued by the Bank of Algeria on

October 13, 2024, which in turn refers to Regulation 24-01, dated February 26, 2024, specifying the conditions for licensing the establishment and approval of a bank or financial institution ([Refer to Article 03 of Regulation 24-04]).

These conditions can be divided into general and specific requirements.



1) General Conditions

The general conditions include:

- Legal Structure: Banks must be established as joint-stock companies. However, they may take the form of a cooperative if the Monetary and Banking Council deems it appropriate (**Article 91 of Law 23-09**).
- Activity Program and Resources: The application must include a detailed program of activities, as well as the financial and technical resources intended to be used (**Article 99/1 of Law 23-09**).
- Qualifications of Managers: The application must justify the qualifications of the managers and guarantors, proving their integrity, competence, and experience in the banking sector. Managers must not have been convicted of crimes involving dishonesty, embezzlement, fraud, or theft (**Article 99/2 of Law 23-09**).

2) Specific Conditions

The specific conditions for digital banks include:

- Exclusive Digital Services: The digital bank must provide banking services and products exclusively through digital channels, platforms, or supports, relying on modern technology (**Bank of Algeria, 2024**).
- Prohibition of Foreign Branches: The digital bank must not be a branch of a foreign bank (**[Article 4 of Bank of Algeria 24-04]**).
- Involvement of an Experienced Bank: Among the founders of the digital bank, there must be a bank subject to Algerian law with experience in internet banking services. This bank must hold at least 30% of the digital bank's capital (**[Article 5 of Bank of Algeria 24-04]**).
- Registered Headquarters in Algeria: The digital bank must have its registered headquarters in Algeria (**[Article 6 of Bank of Algeria 24-04]**).
- Fully Digital Agencies: The digital bank is only permitted to open agencies that are entirely digital (**[Article 7 of Bank of Algeria Regulation 24-04]**).

3) Licensing Procedures for Establishing a Digital Bank

The procedures for obtaining a license to establish a digital bank involve the following steps:

1.Submission of Application: The founders submit a formal application to the Monetary and Banking Council, including all required documents and information.

2. Review and Evaluation: The Council reviews the application to ensure compliance with the general and specific conditions outlined in the relevant laws and regulations.

3. Approval or Rejection: Based on the evaluation, the Council either grants the license or rejects the application, providing reasons for the decision.

4. Appeal Process: If the application is rejected, the founders may appeal the decision before the administrative court, as stipulated in Article 95 of Law 23-09.

These procedures ensure that digital banks are established in a manner that aligns with Algeria's legal and regulatory framework, promoting financial stability and protecting customer interests.

Licensing Procedures for Establishing a Digital Bank

The process of obtaining a license to establish a digital bank in Algeria involves several steps, as outlined below:

1) Submission of the Application

The application for a license to establish a bank, financial institution, or a branch of a foreign bank or financial institution is submitted by the applicant(s), whether an individual or a legal entity, to the President of the Monetary and Banking Council. The application must be accompanied by a file containing a detailed project plan for the proposed establishment(**Bank of Algeria, 2024**)

2)Evaluation by the Monetary and Banking Council

The Monetary and Banking Council makes a decision on granting the license based on a feasibility study of the project, focusing on the following points (**[Article 4 of Bank of Algeria Regulation 24-01]**):

a. Project Definition:



- A clear definition of the project, including the type of institution to be established, as outlined in Article 2 of the regulation.

- The main reasons for choosing this investment, with an assessment of the project's feasibility, economic viability, and its potential impact on the economy.

b. Specifications of Founders and Key Shareholders:

- Details about the founders and key shareholders, including their financial standing in their home country, financial capabilities, and experience in the banking and financial sector.

- A written commitment guaranteeing their ongoing support for the project.

c. Draft Articles of Association:

- Submission of the draft articles of association for the digital bank and the legal form of the project.

d. Business Plan and Financial Strategy:

- A comprehensive business plan, technical study, financial information, and strategic plans for the medium and long term.

- A five-year activity program outlining the bank's operations.

e. Integrity and Capabilities of Founders:

- Proof of the founders' integrity, capabilities, and the nature of their contributions.

3) Decision by the Monetary and Banking Council

The Monetary and Banking Council issues its decision on the license, which is communicated to the applicant(s) by the Secretary-General ([Article 5 of Bank of Algeria Regulation 24-01]).

-If the License is Granted:

Once all the conditions stipulated in the relevant regulations are met, the Council issues its approval. The parties then proceed to establish a joint-

stock company in accordance with commercial law, register the company with the commercial register, and deposit the required capital.

- If the License is Denied:

The applicant(s) may appeal the decision before the Administrative Court of Appeal in Algiers ([Article 95 of Law 23-09]).

These procedures ensure that the establishment of digital banks in Algeria is conducted in a transparent and regulated manner, aligning with the country's legal framework and promoting financial stability.

Second Branch: Request for Approval

1) Submission of the Approval Request

The approval request is submitted to the Monetary and Banking Council after completing the previous procedures and obtaining the license, which alone is not sufficient to commence banking activities. This request must be accompanied by a set of documents.

Approval is the second mandatory step after licensing and represents an exception to the general principle of freedom of trade and industry in the business environment. This requirement is one of the distinctive features of the banking profession, imposed by the legislator due to the sensitivity and importance of the banking system, which relies on protecting commercial credit and ensuring the security of customers and parties dealing with banks. Thus, the approval process can be described as a monopoly granted by legislation to banks and financial institutions to safeguard financial stability and the banking system ([Boukabane Akacha, , pp. 64-65]).

2) Procedures for Granting Approval

1.Preparation and Submission of the Approval Request:

The approval request is prepared and submitted to the Governor of the Bank of Algeria, accompanied by the necessary elements, information, and documents to complete the file within 12 months of obtaining the license ([Article 7 of Bank of Algeria Regulation 24-01]). The request must include



a file related to the approval of managers and the qualification of the responsible personnel involved in monitoring and managing the institution to be established ([Article 8 of Bank of Algeria Regulation 24-01]).

2. Inspection by the Bank of Algeria:

3. The relevant departments of the Bank of Algeria inspect the availability of the necessary human and material resources for the institution to carry out its activities. A report is prepared and sent to the Governor ([Article 9 of Bank of Algeria Regulation 24-01]).

3. Granting of Approval:

Once the request meets all the conditions, approval is granted by a decision of the Governor. The Secretary-General of the Monetary and Banking Council notifies the applicant, and the decision is published in the Official Gazette ([Article 10 of Bank of Algeria 24-01]).

4. Modification of Approval:

Approval can be modified based on a prior licensing request submitted by financial and banking institutions to the Council.

These procedures ensure that the establishment and operation of digital banks in Algeria are conducted in a regulated and secure manner, aligning with the country's legal framework and promoting financial stability.

Second Subsection: The Reality of Digital Banks in Algeria

Algeria has sought to modernize its banking system by adopting a series of reforms, most notably the integration of modern technologies, particularly those related to information, communication, and financial technology. In this subsection, we will discuss the **requirements for the success of digital banks in Algeria (First Branch) and the challenges facing digital banks in Algeria (Second Branch).

First Branch: Requirements for the Success of Digital Banks in Algeria

Electronic banking requires the availability of a set of fundamental factors at various levels to ensure the system operates efficiently and securely. Below is a detailed breakdown of these requirements:

1. Technical Infrastructure:

This includes robust and secure computer servers and systems capable of handling the large volume of transactions that occur around the clock. This encompasses payment and settlement systems, security networks, encryption technologies, email and text messaging systems for customer communication, as well as software and applications related to electronic banking systems that facilitate transfers, bill payments, balance checks, and more. Mobile systems and the services they provide are also essential (Ousghir El-Wiza, , p. 371)).

Algeria has attempted to keep pace with these updates by launching digital services through its public and private banks, striving to provide advanced security systems. This effort is supported by the revision of legal texts related to banking, notably the issuance of the Monetary and Banking Law 23-09, which allows for the establishment of digital banks (**Article 90 of Law 23-09**)).

2. Strict Regulatory Systems:

Banks need stringent oversight systems to ensure electronic transactions comply with applicable laws and policies and to protect customer data. The Monetary and Banking Law 23-09 emphasizes the Bank of Algeria's commitment to the safety of payment systems and the establishment of related standards. It grants the Bank of Algeria the authority to accept or reject any payment method that does not provide sufficient safety guarantees (**Articles 58 to 60 of Law 23-09**)). Additionally, the law enhances and expands the responsibilities of the Monetary and Banking Council (**Articles 64 to 67 of Law 23-09**) and the Banking Committee (**Articles 116 to 132 of Law 23-09**)).

Despite these measures, Algeria is still in the early stages of implementing digital banking, as it attempts to meet these requirements.



However, its progress remains slow compared to the rapid advancements in this field, due to the challenges it faces ([Latreche Hala and Belhassen Mohamed, , 2021, p. 168).

Second Branch: Challenges Facing Digital Banking in Algeria

While electronic banking offers numerous benefits, such as convenience and speed, it faces several challenges that may hinder its widespread adoption and effectiveness. The most significant challenges include:

1. Lack of Digital Infrastructure:

A strong and stable internet infrastructure is essential for digital banking, covering all urban and rural areas. Algeria has not yet achieved this, despite ongoing efforts, leading to disruptions in electronic transactions, particularly in banking ([**Hanane Daher, 2017, p. 74**]).

2. Inadequate Consumer Protection:

Protecting consumers from hacking, theft, and fraud is a complex issue. The lack of robust internet security undermines consumer confidence in electronic transactions, especially given the current legal framework's inability to provide adequate protection. The only available solution is to warn customers about suspicious websites and scammers (**Khairy Mustafa Katata, pp. 79-80**)).

3. Cybersecurity Threats:

The spread of viruses and deliberate attacks by hackers pose significant risks. These attacks, often carried out for economic or military espionage, result in substantial financial losses and are referred to as "economic terrorism" ([**Khairy Mustafa Katata,, pp. 79-80**]).

4. Lack of Awareness and Knowledge:

The limited understanding of electronic banking among the general population restricts its adoption. Most people still prefer traditional methods, such as cash transactions or visiting bank branches (**Khader Misbah Al-Titi, 2017, p. 43**).

5. Incomplete Laws and Regulations:

The laws related to electronic banking and data protection in Algeria are either incomplete or not clearly defined, limiting the sector's growth. Additionally, the delay in issuing regulations and instructions for implementing the Monetary and Banking Law 23-09 has hindered progress, especially given the rapid pace of technological advancements.

6. Payment Issues:

Algeria still suffers from a lack of digital financial tools, such as credit cards or prepaid cards, which impedes the use of electronic banking services.

7. Proof of Transactions:

One of the most challenging issues in electronic banking is the need for customers to retain all transaction information in their email accounts as proof.

Despite these challenges, Algeria continues to strive to promote digital culture across all sectors, including banking. It remains committed to overcoming these obstacles and achieving the necessary requirements for the successful implementation of digital banking.

Conclusion

The digitization of the banking sector represents a significant shift in the global financial landscape, offering unparalleled convenience, efficiency, and accessibility to customers. In Algeria, the adoption of electronic banking and the establishment of digital banks are crucial steps toward modernizing the banking system and integrating it into the global digital economy. The introduction of the Monetary and Banking Law 23-09 and related regulations, such as Regulation 24-04, reflects Algeria's commitment to fostering a secure and innovative banking environment. However, the journey toward full digital transformation is fraught with challenges, including inadequate digital infrastructure, cybersecurity threats, and a lack of consumer awareness.

Despite these obstacles, Algeria has made notable progress in laying the groundwork for digital banking. The legal framework now accommodates the establishment of digital banks, and efforts are underway to enhance



technical infrastructure and regulatory oversight. Nevertheless, the slow pace of implementation and the rapid evolution of technology highlight the need for accelerated action. To fully realize the potential of digital banking, Algeria must address these challenges head-on and create an enabling environment for innovation and growth.

Recommendations

1. Strengthen Digital Infrastructure:

Invest in robust and widespread internet connectivity, particularly in rural and underserved areas, to ensure seamless access to digital banking services.

2. Enhance Cybersecurity Measures:

Develop advanced cybersecurity frameworks to protect electronic transactions and customer data, thereby building trust in digital banking systems.

3. Promote Consumer Awareness:

Launch educational campaigns to increase public awareness of the benefits and safety measures associated with electronic banking, encouraging wider adoption.

4. Update Legal and Regulatory Frameworks:

Continuously review and update laws and regulations to keep pace with technological advancements and address emerging challenges in the digital banking sector.

5. Encourage Innovation and Collaboration:

Foster partnerships between banks, fintech companies, and regulatory bodies to drive innovation and develop user-friendly digital banking solutions.

6. Improve Payment Systems:

Expand the availability of digital payment tools, such as credit and prepaid cards, to facilitate smoother and more secure electronic transactions.

7. Focus on Consumer Protection:

Implement stronger consumer protection mechanisms to safeguard users from fraud and ensure transparency in digital banking operations.

By addressing these recommendations, Algeria can overcome the current challenges and position itself as a leader in the digital banking revolution,

ultimately contributing to the country's economic growth and financial inclusion.

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