

Modern payment systems as a strategic direction for Islamic banks in order to promote financial integration -Buna platform for Arabic payments as a model-

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Received: 03/05/2024

Accepted: 05/09/2024

Published: 15/09/2024

Abstract:

The study aims to highlight the orientation of Islamic banks towards enhancing their financial integration through dealing with the "Buna" platform for Arabic payments as one of the modern cross-border payment systems that seek to develop opportunities for economic and financial integration between Arab countries.

Through the study, we came to the positive support of Islamic banks for the main goals that the "Buna" platform seeks to achieve, where a significant percentage of them went to join it to embody the digital transformation strategies adopted by it achieve its financial integration and contribute to supporting economic development in the Arab region.

Keywords: Financial integration, Islamic banks, Modern payment systems, Buna platform.

JelClassificationCodes: G20, G21, G24, O30.

1. INTRODUCTION

At the end of the 1980s, many countries adopted policies of openness and economic liberalization. Lifting the allowing, free movement of capital and reducing costs contributed to strengthening the real economy by providing promising investment opportunities for companies and thus stimulating the labor market.

As a result of global factors like trade liberalization, the Basel Committee's requirements for adequate capital, technological progress, and the rise of multinational conglomerates, many banks have had to merge to keep their market share and compete with big banks in a field that is heavily influenced by global factors.

In order to promote financial integration, attention has been focused on fintech issues that have become part of national strategies in order to enable the universalization and expansion of financial services while reducing related costs, in addition to providing new ways of financing and thus overcoming challenges that prevent access to market sectors and customer information.

The IMF and the World Bank Group have already launched the agenda of the Bali fintech conference, which included twelve policy principles aimed at helping member states take advantage of the opportunities offered by fintech, which will transform the provision of banking services and the management of risks involved. The first of these principles stipulates the adoption of fintech due to its economic and social impact, especially in low-income countries, including: increasing the universalization of financial services and financial inclusion; deepening financial markets; improving payment systems and cross-border transfers; and strengthening institutional capabilities. The second term also stipulated enabling new technologies to enhance the provision of financial services by facilitating basic infrastructure, facilitating access to them, and reducing their cost. Infrastructures include telecommunications, digital, and financial infrastructures such as broadband internet services, payment and settlement services, and others.

Within the framework of providing an appropriate infrastructure that supports financial integration in the Arab region, the Arab Monetary Fund has initiated work on a number of axes, the most important of which are: the launch of the Buna Arab payments platform with the aim of developing cross-border payments and contributing to enhancing economic integration and supporting financial inclusion. Many Arab and Islamic banks have initiated full procedures to link their financial and banking operations in the field of payments to the platform. Based on the above, we have prepared this study and tried to answer the following main problem:

How can the payments platform contribute to enhancing the financial integration of Islamic banks?

Study hypothesis:

The study is based on the premise that a structure platform is generally working to settle payments and that it will therefore be difficult for Islamic banks to deal with them because of their specificity and the nature of their Islamic activity, which differs from traditional transactions, thus limiting the direction of Islamic financial institutions to settle their payments through them.

1.1 Study importance

The study derives its importance from the fact that it highlights one of the platforms that seeks to achieve financial integration in the Arab region, as it was able to join many traditional and Islamic banks in a short period, despite their recent activities.

1.2 Study objectives

The study aims to:

- Introduction of the "Buna" platform for Arab payments, its mechanism of operation, and its products.
- Clarifying the possibilities Islamic banks are benefiting from.
- Monitoring the views of Islamic banks on the ability of the "Buna" payments Platform to enable them to achieve their financial integration and provide them with appropriate payment solutions for their activity.

1.3 Study Approach

In the study, we relied on a descriptive approach by presenting concepts related to the theoretical aspect of the study as well as a case study approach to the presentation of the work of a BUNA platform for Arab payments.

2. Literature:

2.1 financial integration:

Financial integration at the international and domestic level appeared before the creation of the economic and monetary union, through efforts to integrate the European community in 1957 before the central bank announced the Treaty of Rome, after which the European Common Market was created with the aim of developing the economy and creating the union between European countries, followed by laws and treaties to create the European Economic and financial Union. (Harbi Arikat, 2014, p. 123)

Financial integration is a link between adjacent financial markets and includes the exchange of information, coordination of best practices, and the dissemination of the latest technologies between different financial institutions. It also enables companies to borrow and raise funds directly from international capital markets and provides cross-border capital freedom and free participation in local financial markets from international investors. (Harbi Arikat, 2014, p. 122)

The importance of financial integration appears in two aspects: monetary policy, which is implemented through the financial system, which should be characterized by effectiveness and capacity, which ensures a smooth transition of monetary policy, and financial integration has an impact on the structure of the financial system, which may have an impact on financial stability, hence the importance of merger control by regulators and central banks (Zohreh Shirani Fakhr, 2009, p. 156)

Financial integration is a phenomenon in which financial markets are interconnected and manifest themselves in various forms: the exchange of information, transactions, and modern technologies between financial institutions; borrowing and investing money in international capital markets; the creation of modern financial products and their circulation at the international level; the free flow of capital across borders and foreign presence in domestic financial markets (Wikipedia)

It is a phenomenon in which financial markets in neighboring, regional, or global economies are linked to each other through: cross-border capital flows, foreign presence in local financial markets, and the exchange of information between financial institutions. This

phenomenon provides many advantages, the most important of which are improving governance, efficiency in capital allocation, and increasing growth and investment.(capital.com)

An integrated financial market is the integration of a set of financial instruments or services in the event that all market participants have the same characteristics related to these financial instruments or services, where:

- The same rules apply in the case of dealing with financial instruments or services .
- Equal access to financial services and tools
- Equality in dealing with financial services and tools in the case of their activity in the market

The adopted definition of financial integration contains three important features:

- independence from financial structures within the regions, i.e., all financial intermediaries, whether institutions or markets, and how they relate to each other related to the flow of money to and from households, governments, and companies. Integration does not require the development of different financial structures . Indeed, there is no support for the claim that financial integration will lead to a convergence in financial structures. (Lieven Baele, MEASURING FINANCIAL INTEGRATION IN THE EURO AREA, 2004, p. 6) Conversely, another study proved that currency deposits and loans in European countries have become homogeneous over time, including the period after the introduction of the euro.(PHILIPP HARTMANN, 2003, p. 17)
- The definition means that financial integration is not related to differences that hinder the optimal distribution of capital, but rather to the symmetrical or asymmetric effects of frictions based on different areas, where these areas can integrate financially despite the existence of these differences, as long as the latter affect them identically. (Lieven Baele, MEASURING FINANCIAL INTEGRATION IN THE EURO AREA, 2004, p. 06)
- The above definition separates two components of the financial market: supply and demand for investment opportunities. Integrated financial integration requires the same access to banks and areas of trade, clearance, and settlement for investors who represent the demand side of investment opportunities and firms that represent the supply side of investment opportunities, regardless of where they are located. Integrated financial integration reflects market access for all participants without discrimination. (Lieven Baele, MEASURING FINANCIAL INTEGRATION IN THE EURO AREA, 2004, p. 06)

2.2FinTech:

Financial technology is the primary supporter of financial integration. Through its innovative technologies, high-quality and low-cost services and products are provided, through which marginalized groups who do not benefit from financial services are also empowered due to their ability to skip geographical distances.

The Financial Stability Board (2019) defines fintech as "technology-enabled financial innovation that results in material changes to the provision of financial services; it has the power and potential to reduce economic inequality, increase financial inclusion, and boost economic growth. Through the introduction of new methodologies, greater information curation, and

reductions in processing costs, fintech could potentially reduce financial volatility and vulnerabilities."(Quales, 2019)

The aim of this definition is to bring a wide variety of innovations in financial services under one umbrella using technologies, regardless of their type, size, and regulatory status(Irum Saba, 2019, p. 582)

Financial technology encompasses a variety of sectors, the most important of which are payments and transfers, funds, insurance, finance and digital lending, wealth management, bloxin, and encrypted digital canals. One of the most widely used financial technology sectors in global markets is the payments sector.(ouahiba ABDERRAHIM, 2018, p. 36)

2.3 Islamic fintech :

The Islamic banking system, like any other, is aimed at making a profit, but its main difference is the methodology and compliance with Sharia Law. Sharia Law also prohibits the conclusion of immoral transactions and endorses social justice, which is ensured through the distribution of risks and returns and the implementation of social investment. That is why Islamic banks have become active participants in the global financial market, despite the specific nature of their operations and the difficulties of their adaptation to international practice.(Victoria, 2019, p. 05)

Islamic fintech is no different from being compliant with shariah, with a special focus on Islamic -compliant institutions or Islamic countries. (Muneer M. Alshater, 2022, p. 01)

In general, technology is neutral from a shariah perspective, unless it is used in an instance that directly conflicts with any rulings or requirements of the shariah(Irum Saba, 2019, p. 584). So, rather than confining the discussion to crypto-currencies, other beneficial applications such as online crowdfunding platforms, e-commerce, smart contracts, blockchain technology, and online dispute-resolution platforms for Islamic finance disputes may be less controversial.(Umar A. Oseni, 2019, p. 7)

The term "Islamic" stands to differentiate between conventional and shariah-compliant fintech operators. This differentiation is rational due to the many differences in fintech business models between the two systems. For example, profit- interest-based P2P lending, one of the most thriving business models in fintech, is fundamentally rejected in the Islamic finance system due to riba being a primary prohibition in the system.(Muneer M. Alshater, 2022, p. 1)

The practice of transactions in fintech applications should follow the rules of contract (Aqd) used in the transaction by observing the pillars (Rukn) and conditions (Shart) in the contract. In addition, fintech applications should aim at achieving the objectives of the shariah (Maqasid Al Shariah), namely, to realize the benefits (Maslahah) and to avoid the harms and difficulties (Mafsadah and Mashaqqah). (Irum Saba, 2019, p. 585)True to its fintech name, its Shariah-compliant financial products and services are distributed digitally via innovative digital platforms known as omni-channels.(Mohammad Irfan, 2023, p. 237)Islamic fintech platforms use new technologies such as artificial intelligence (AI), blockchain, big data, comprehensive cloud computing, and Internet of Things (IoT) devices to provide more complex and transparent Islamic financial services. Its activities will involve deploying new tech-based business models to

promote economic, environmental, financial, and social goals. These goals involve better services across all Islamic financial services and product performance. (Hassnain Ali, 2019, p. 30)

In a published study reviewing literature on Islamic finance and financial technology, a comprehensive review of the papers published in the core group of WoS highlights the most important authors, topics, publications, Islamic finance countries, and fintech ethics. As a result, scholars are interested in investigating how Islamic finance might employ fintech to enhance financial inclusion and maintain the long-term viability of Islamic financing. (Hanan Qudah, 2023, p. 24)

2.4 Financial integration in the Arab region :

The first initiative for financial integration among the Arab States is the League of Arab States, which has included oil-rich and poor countries. The difference between the two is significant: the richest country has 73 times higher per capita GDP than the poorest country, and the question is: How far can these countries achieve their goals? And the question is, the degree of integration of Arab markets is still low. (Harbi Arikat, 2014, p. 126)

The Maghreb's financial systems are focusing on global reforms rather than regional integration. Arab states are lifting cross-border capital flows and foreign ownership restrictions, improving bank management, increasing transparency, and strengthening regulatory frameworks. Algeria has introduced the Currency and Credit Act. (BANK T. W., 2010, p. 13)

In 2005, Maghreb States partnered with the IMF to enhance financial integration through trade facilitation, private sector strengthening, and joint ventures. Four regional conferences were held, but the results remain modest. (BANK T. W., 2010, p. 14)

A number of Arab countries have adopted financial liberalization policies and economic and financial reforms, but they have not been able to achieve their financial integration, which is a strategic goal that must be achieved in line with economic and financial transformations, especially in the field of communications and informatics. And the initiatives of the Arab Monetary Fund are important in this field, the most important of which is the development of "Buna" payment platform services. (FUND)

2.5 The concept of "Buna» payment platform services ("ARPCSO")

2.5.1 Definition of the organization

The cross-border payment system was established by the Arab Monetary Fund (AMF) in 2018 in implementation of the decision of the Board of Governors of the Central Banks and the Arab Monetary Authorities to commission the Arab Monetary Fund to support the economic and financial integration of Arab countries and the expansion of trade and investment activities with global partners.

Buna is operated by the Regional Institution for Clearing and settlement of Arab Payments (ARPCSO), which functions as an independent organization fully owned by the Arab Monetary Fund.

2.5.2 Objectives of the organization

- Enabling central and commercial banks and financial institutions in general, within and outside the Arab region, to send and receive payments in Arab and international currencies.
- Attracting banks and financial institutions that meet the criteria and conditions for accession.

- The platform provides low-cost on-line services with risk management capacity.
- The platform works to improve cross-border payments.
- Solutions are available to obstacles to improving cross-border payment activity: high cost, speed of conversion, lack of transparency, difficulty and limited access to means of disbursement.
- To enable participants to access the services of delivering prompt payments in multiple currencies at low cost within an operational framework that complies with international standards.

2.5.3 The product of the organization

The buna platform offers products and services that meet the needs of customers, represented by: cross-border interbank payments in multiple currencies, commercial payments and trade finance solutions, consumer transfers, instant payments, securities settlement, ATM services, where these products are characterized by the following qualities : real time settlement , 24×7 payment submission , cost effectiveness , prefunded model , single entry point to dynamic markets , maximized participation , multicurrency support global , standard in compliance :

- **Trade Retail and commerce**

The building platform aims to facilitate trade activities domestically and internationally, the most important of which are credit transfers, which represent a high proportion of payments within the Arab region.

- **Interbank Transfers**

Interbank payments, comprising a small portion of volumes but a large portion of cross-border payment values in the Arab region, will also be covered by Buna, in line with the areas of focus of comparable systems.

- **Remittances**

Despite a global drive to reduce remittance costs, the Arab remittance market remains highly fragmented.

- **Instant Payments**

It enables instant payments with end-to-end tracking and monitoring of payments and is in line with best practices and messaging frameworks.

2.5.4 Currencies used to settle payments via the platform

Four coins have been announced: the Emirati dirham, the Egyptian pound, the Saudi riyal, and the Jordanian dinar, in addition to two international currencies, the US dollar and the euro. Buna supports multiple Arab and international currencies, using: (Figure No. 01)

2.5.4.1 Single Currency Circuits

- Each supported currency will operate on a single circuit.
- Every currency account is independently pre-funded.
- There is no foreign exchange on the platform.
- One account per currency for each participant
- Accounts are independent, i.e., a debit or credit in any currency is compensated by the opposite position in the same currency.

2.5.4.2 Multi-currency Support

- Settles multiple currencies.
- Enforces robust currency eligibility criteria.
- Supports eligible Arab currencies.
- Supports eligible foreign currencies.
- Allow participants to choose the currencies they wish to transact in.

2.6 Fund Holding Institutions

The Fund Holding Institutions (FHIs) are the central banks of the respective eligible currency or designated commercial banks that provide fund holding services to the Arab Regional Payments Clearing and Settlement Organization (ARPCSO), being the system operator of Buna.

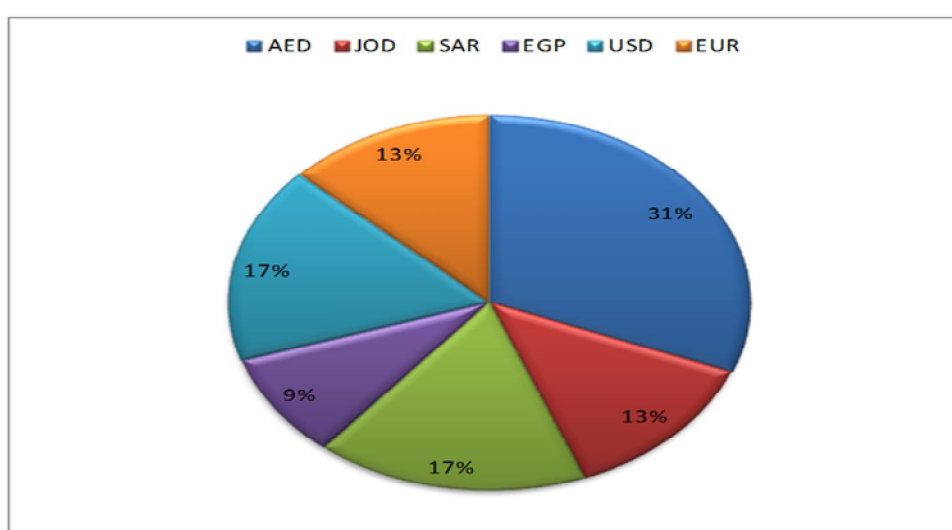
Tableau N. 01: List of Buna FHIs and Currencies

Financial Holding Institutions	Currencies
Central Bank of the UAE	Emirati Dirham (AED)
Central Bank of Egypt	Egyptian Pound (EGP)
Saudi National Bank	Saudi Riyal (SAR)
J.P. Morgan	US dollar (USD)
Standard Chartered Bank	Euro (EUR)
Central Bank of Jordan	Jordanian Dinar (JOD)

Source: [https://buna.co/\(\(\"ARPCSO\"\)\)](https://buna.co/((\)

Figure 01 shows the proportion of transactions in available currencies.

Figure No. 01: Transactions using currencies available via the platform



Sources: (BUNA, 2022)

2.7 How does it work? (BUNA, 2022)

2.7.1 Euro real-time settlement (sixth currency became operational)

In September 2022, the euro currency was included in the Buna platform system where the euro is settled in real time in cooperation with Standard Chartered (the Fund Holding Institution "FHI"), this will allow strengthening economic relations between the Arab world, Europe and international trade partners.

The Buna platform enables customers to settle their transactions in the euro currency from Sunday to Friday from nine in the morning to nine in the evening UAE time, thus enabling banks to provide real-time payment services to customers unlike traditional operations restricted by time and place, as the service has been activated by many participating banks.

2.7.2 Instant Payment Service "IPS"

The instant payment system for low-value payments such as: personal transfers, digital commerce, payments for small and medium businesses, designed with a special pricing model supported by competitive transaction fees motivate its use.

2.7.3 FX Service (Payment vs Payment "PVP")

The Buna platform has worked on the establishment of the forex market that enables dealers to perform transactions directly with each other without the mediation of the platform in the process, as this step will enable the creation of new job opportunities and it also eliminates the risks of foreign currency transactions by relying on the mechanism of payment for payment, where it is combined with the Buna model, which relies on advance financing and the provision of immediate services.

The forex service is implemented in the Buna platform at the account level (instead of the payment level) in order to facilitate the management of liquidity across currencies, while individual payments are settled in one currency in real time, and liquidity will be provided to customers through the centralized management of multi-currency accounts and balances through one window, taking advantage of real-time liquidity and supporting customer needs through instant settlement of cross-border payments 24/7 in addition to interoperability between payment systems around the world .

Also, transactions are settled at the same day value on the basis of settlement or rejection. in case there are not enough funds in the accounts for debiting, the transaction is rejected with appropriate notification in order to reduce the main risks .the service is designed on the basis of a modern set of APIs to support interaction between participants when executing their forex transaction.

2.7.4 Compliance Programme

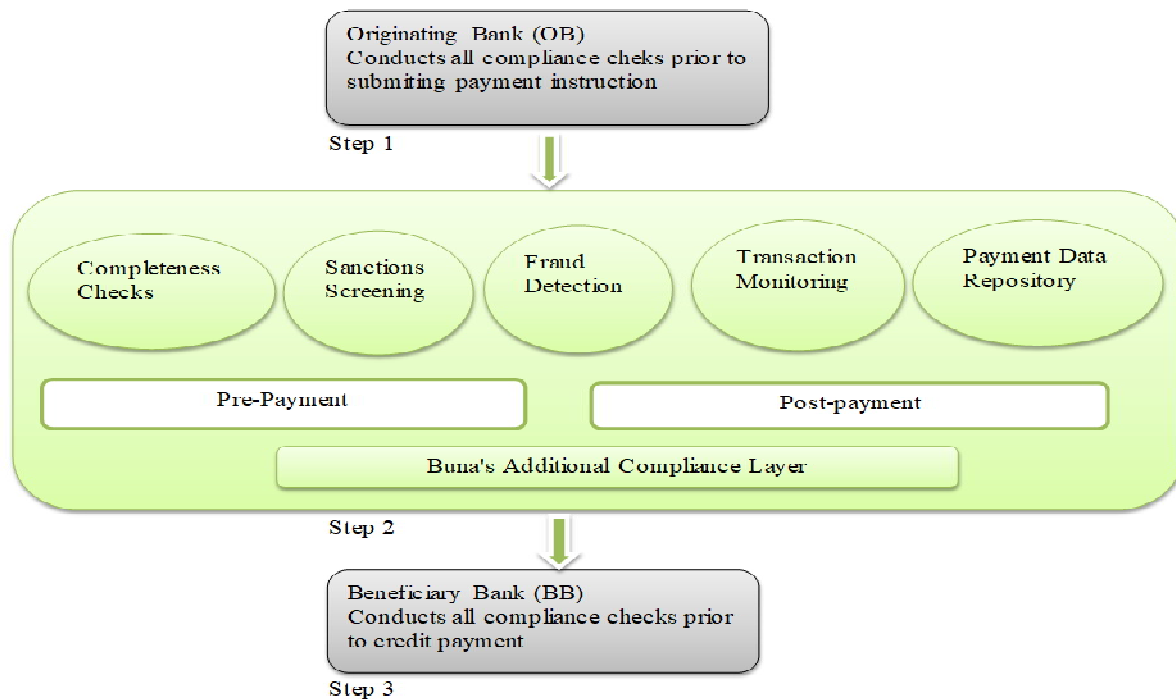
The Buna Financial Crimes Compliance (FCC) program is based on three key pillars to promote the safety and efficiency of its operations and to ensure sufficient controls and measures are implemented:

- **Governance, Roles, and Responsibilities:** Implement good governance procedures and provide specific organizational capacities with roles and responsibilities between the structure platform and participants..
- **Participants Onboarding Due Diligence:** Apply firm procedures for the selection of participants where financial institutions are accepted on the platform only if they comply with the standards of compliance: obligation to combat money laundering, to combat corruption, and to detect and combat suspicious activities.
- **Controls and Processes:** All sanctions procedures and suspicious transactions in the settlement of payments through a building platform.

The platform is working to verify compliance processes before and after the processes are settled through the Buna payment system where:

Advance checks include the completeness of transactions, the screening of sanctions, the prior disclosure of fraud, as well as ongoing admissions by sending and receiving institutions.

Figure N. 02: Buna cross-platform compliance verification procedures

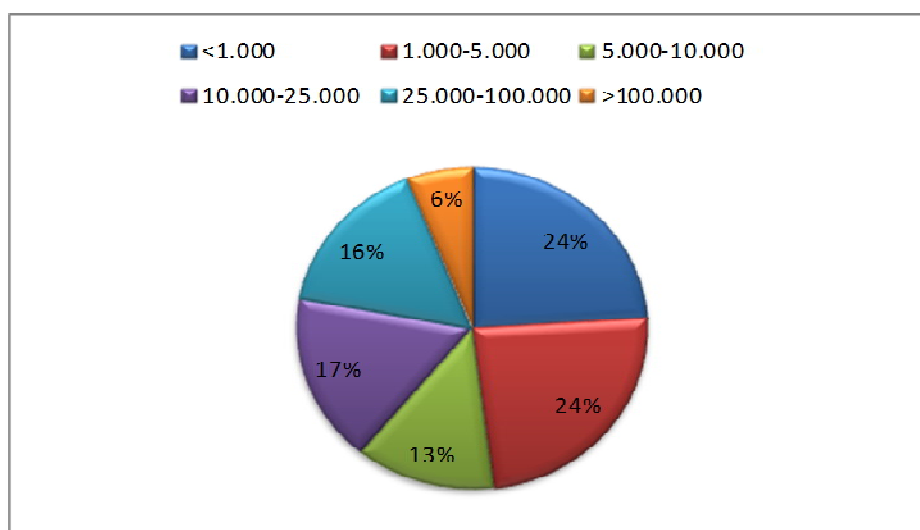


Source: (BUNA, 2022)

2.7.5 Transaction Volumes

Buna's main objective for 2022 was to achieve a certain level of participation. Reaching a certain volume of transactions was not a strategic objective, but we nevertheless witnessed a meaningful and growing trend of transactions. This, among other indicators, confirms that Buna is fit for different use cases, as the values of the settled transactions covered a wide range from low- to high-value payments.

Figure No. 03: The value of transactions settled (USD)



Source: Prepared by the two researchers based on the annual report 2022

3. Buna platform and Islamic banks

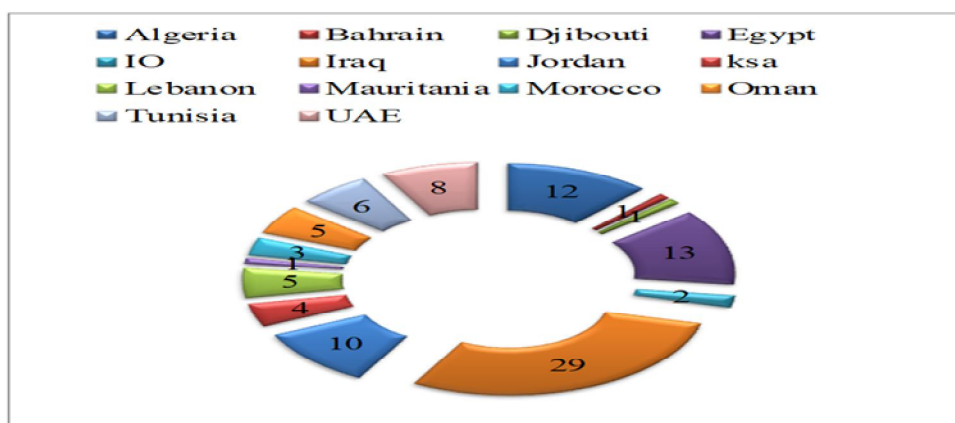
3.1 Traditional and Islamic bank orientations towards dealing with the platform

The platform has been able to strengthen its presence in many Arab regions, such as Algeria, the KSA, Oman, Tunisia, and the UAE. As a next step, banks from international markets are in various stages of discussion and onboarding.

At the end of 2022, 147 financial institutions were counted at various stages to join the platform, 100 financial institutions declared final, and 77 financial institutions working to provide compliance standards to join the platform.

The next figure shows those States that have already announced their accession to a building platform for Arab payments:

Figure No. 04: Countries participating in Buna Arab payments platform

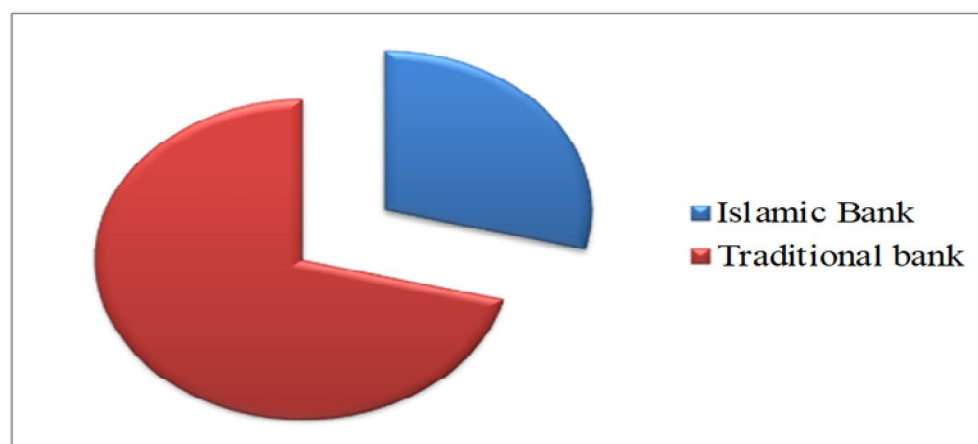


Source: Prepared by the two researchers based on the annual report 2022

Islamic finance is restricted by Sharia rules, so it cannot use every vehicle used by conventional finance. (DEMİRDÖĞEN, 2020, p. 64) However, a platform built for Arab payments has attracted many Islamic banks.

The number of participants in the platform reached 100 banks in 2022, and the number of Islamic banks is estimated at 29 banks.

Figure N. 05: Proportion of Islamic banks in the Buna Arab Payments Platform



Source: Prepared by the two researchers based on the annual report 2022

3.2 Opinions from some Islamic banks about dealing with a building platform for Arab payments

The following are the opinions of Islamic banks regarding dealing with the Buna platform by collecting the comments of executives from various websites:

❖ Jordan Islamic Bank

Mr. Hussein Said, Executive Director and Managing Director of the Islamic Bank of Jordan, said that joining a structure platform was intended to take advantage of the added value of a structured system for the banking sector and Arab economies, in response to the invitation of the Jordanian Central Bank to participate in it as part of its efforts to strengthen the services of the Jordanian banking sector.

Mr. Hussein Said Ali emphasized the efforts of the Islamic Bank of Jordan to strengthen its digital banking services and provide modern payment solutions to its clients in accordance with international standards, principles and compliance requirements, thereby supporting the Bank's strategy to keep pace with the trends of the global banking market and in conformity with the Islamic Shariah's provisions and principles. (Bank, 2022)

❖ Dubai Islamic Bank

The Dubai Islamic Bank, the largest Islamic bank in the United Arab Emirates, and the second largest Islamic bank worldwide, announced that it would strengthen its position as the largest advanced financial institution in the region by joining a building platform for Arab payments, which would support its digital transformation strategy. The platform offers a unique value to the bank by enabling it to provide safe and low-cost products, which constitute retail trade, remittances, and interbank transfers.

Dr. Adnan Shelwan, Chief Executive Officer of the Group at the Dubai Islamic Bank, stated that a structured programme would enable the Foundation to strengthen its commitment to be part of strategic initiatives that provide a smooth payment infrastructure and enable it to provide modern payment solutions consistent with standards of information security and international compliance. As the first Islamic bank to participate in the podium, this confirms the great emphasis on making Islamic financing a major aspect of the country's strategic directions. (BANK D. I., 2022)

❖ EMIRATES ISLAMIC

The Islamic Emirates Bank announced its accession to a building platform for Arab payments with the purpose of facilitating cross-border transactions in the Arab region, as the platform would enable customers to make quick and secure payments and transfers.

Mohamed Amran and Jade, Deputy Chief Executive Officer of the Bank, commented that joining the platform was part of the digital transformation strategy adopted with a view to providing innovative products, enhancing client expertise and making the bank one of the largest banks in the area of sharia compliance (Islamic, 2023)

❖ Bank Nizwa

A building platform for Arab payments will enable a bank to expand its capacity to pay by taking advantage of advanced payment technologies. The platform will enable the bank to

facilitate customer payment services that include: payments on the same day, direct debt, and multi-client payments.

Khaled Al-Qadi, Chief Executive Officer of Wawa Bank, said that dealing with a architecture platform would enable us to provide a chain of services to clients in cross-border payments as well as new ways to grow and strengthen investment linkages with global trading partners, in line with the Bank 's digital strategy, which focused on harnessing the latest developments in payment technology to provide innovative financial services that met the needs of clients.(Monteiro, 2023)

❖ **Sharjah Islamic Bank**

The Chief Executive Officer of the Sharjah Islamic Bank said that the completion of the integration link with a structure platform for Arab payments was part of the Bank 's concern to contribute effectively to the establishment of the digital economy and to support the financial strategy of the Emirates by providing a new station that met the needs of individual and corporate clients, expanding payment solutions, settling remittances and taking advantage of modern digital solutions.(Gate, 2023)

❖ **Alrajhi bank**

On 05/03-2024, the Rajhi Bank, through its official website, announced that work would begin on a building platform for Arab payments. The Director-General of the Bank of Private Persons considered this accession to be an additional step in the ongoing efforts to enhance client experience and to continue to lead the remittance process and to provide more secure bank payment solutions consistent with international standards and principles, thereby promoting economic and financial growth in the Kingdom of Saudi Arabia.(bank, 2024)

3.3 What will Buna offer to Islamic banks?

In our study, we focused on Islamic banks and what they can achieve by joining a building platform for Arab payments, and based on the platform ' s objectives and previous opinions of executives and officials of a sample of Islamic banks that have completed the procedures for joining this last platform will enable them to achieve the following objectives:

- ✓ Providing real-time clearing and settlement services for cross-border financial transfers between Arab countries and in Arab and international currencies, enabling Arab countries to send and receive payments between them in a safe and reliable manner.
- ✓ Reduce the use of international centers of correspondent banks in the clearing and settlement of Arab payments, thereby reducing the time and cost associated with the settlement of payments for the benefit of Islamic banks and their customers. What distinguishes the platform is its competitive cost for money transfers, thus reducing the time and effort of the client and ensuring financial transfer at a low cost.
- ✓ The Buna platform works to ensure compliance with anti-money laundering standards, combat terrorist financing, financial crimes, and sanctions regulations, thereby supporting participating financial institutions, especially Islamic ones, and enabling them to enhance levels of compliance with the principles and provisions of Islamic law.
- ✓ Enabling Islamic banks to support financial strategies and establish a strong digital economy in Arab countries.
- ✓ Strengthen economic and trade relations between the Arab countries and with the countries of the world, and continue to develop cross-border payment systems and make them more efficient and effective.

- ✓ Enabling Islamic banks to take advantage of the latest payment technologies allows facilitating a wide range of Islamic banking services for customers such as: same-day payment, direct debit, payment in multiple currencies.

Conclusion

The Arab Monetary Fund is keen to create an infrastructure that achieves financial integration by working on a set of axes, the most important of which is the development of «Buna» Payments Platform Services, which was welcomed by many Arab and Islamic banks in particular, and we have reached through this study the following results:

- ✓ "Buna" is a multi-currency cross-border payment system aimed at enhancing economic and financial integration between Arab countries.
- ✓ "Buna" offers a variety of products, represented by: cross-border and multi-currency interbank payments; commercial payments; money orders; instant payments; trade finance solutions; securities settlement; and ATM or POS processing service.
- ✓ The Buna system for Arab payments provides clearing and settlement services for payments in Arab and international currencies, and four currencies are included: the UAE dirham, the Egyptian pound, the Saudi Riyal, and the Jordanian dinar, in addition to the two international currencies, the US dollar and the euro.
- ✓ The number of participating banks on the platform has been estimated at 100, including 29 Islamic banks, and Iraq, Egypt, and Algeria occupy the first ranks in terms of the number of banks joining the Buna platform.
- ✓ The platform has been welcomed by many Islamic banks due to its provision of fast, secure, and low-cost payment solutions, and it also adheres to international compliance standards, which enables it to operate in accordance with the standards and principles of Islamic Sharia.
- ✓ The number of Islamic banks joining the platform is 29, which is a small number compared to the total number of Islamic banks estimated at about 100 or more.
- ✓ Finally, the tendency of Islamic banks to join a building platform for Arab payments confirms the relevance of their programme to the specificity of Islamic banking activity and their ability to settle Islamic financial transactions in accordance with legitimate controls.

Recommendations

- Working to increase the attractiveness of Islamic banks by providing regulations that take into account the specificity of their activity.
- Islamic banks should intensify training and training courses for employees in the fields of financial technology due to the sensitivity and specificity of their operations, which require strong experience in their field of practice to ensure compliance with Islamic Sharia standards.
- Through our follow-up to the Buna Arab payments platform website, we noticed that there is no specialized committee for Sharia standards, which indicates that the platform deals with all banks on the same terms, and therefore the specificity of Islamic banking should be taken into account.

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