

*The role of digital transformation in improving financial performance of
financial institutions - Read at Al Rajhi Saudi Bank-*

دور التحول الرقمي في تحسين الأداء المالي للمؤسسات المالية

دراسة حالة مصرف الراجحي السعودي

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Abstract:

With the enormous technical development of our time in entering the products of the Fourth Industrial Revolution - including algorithms, artificial intelligence and machine learning - in every field of life, digital development is one of the most important pillars of the future of the financial and banking sector, as customers increasingly move towards implementing their banking transactions through electronic applications and smart solutions.

The world's Islamic fintech markets are expected to grow strongly in the coming years a growing number of Muslims are seeking to enter digital finance and new banking services, Diversified and digital, which follows the principles of Islamic Shari 'a, this study aims to highlight and demonstrate the importance of adopting a digital and digital environment in improving the financial performance of financial institutions with a reading in the experience of Al Rajhi Bank Group leading in this field.

Keywords: Digital Environment ; Islamic Fintech ; Artificial Intelligence ; Investment Activities ; Al Rajhi Bank.

JEL classification : G21, E44, O33

المخلص:

مع التطور التقني الهائل الذي يشهده عصرنا بدخول منتجات الثورة الصناعية الرابعة - بما فيها الخوارزميات والذكاء الاصطناعي وتعلم الآلة- في كل مجال من مجالات الحياة، يُعدّ التطور الرقمي من أهم ركائز مستقبل القطاع المالي والمصرفي، حيث يتّجه العملاء بشكل متزايد نحو تنفيذ معاملاتهم المصرفية من خلال التطبيقات الإلكترونية والحلول الذكية.

يُتوقع أن تنمو أسواق التكنولوجيا المالية الإسلامية في العالم بقوة في السنوات المقبلة، حيث يسعى عدد متزايد من المسلمين للدخول في التمويل الرقمي والخدمات المصرفية الجديدة، والمتنوعة والرقمية، التي تتبع مبادئ الشريعة الإسلامية، تهدف هذه الدراسة

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الى ابراز وتبيان أهمية تبني البيئة الرقمية والرقمي في تحسين الأداء المالي للمؤسسات المالية مع قراءة في تجربة مجموعة مصرف الراجحي الرائد في هذا المجال.

The role of digital transformation in improving financial performance of financial institutions- Read at Al Rajhi Saudi Bank

الكلمات المفتاحية: البيئة الرقمية، التكنولوجيا المالية الإسلامية، الذكاء الاصطناعي، الأنشطة الاستثمارية، مصرف الراجحي.

تصنيف JEL: E44، O33، G21 .

1- Introduction:

Digital development is one of the most important pillars of the future of the financial and banking sector, as customers increasingly move towards implementing their banking transactions through electronic applications and smart solutions. Within this framework, artificial intelligence and financial technology or Fintech have a real ability to change the structure of traditional financial services. Financial technology can make financial services faster, cheaper, safer, transparent and accessible, especially to the large segment of the population that does not deal with the banking sector.

The rapid development of fintech services and start-ups that provide innovative financial solutions. The use of artificial intelligence in financial and banking services will reduce operational cost and improve financial institutions' performance and profitability. Therefore, most enterprises seek to invest in modern fintech applications and tools and "financial artificial intelligence"

Technical transformations of how companies interact with companies and customers using fintech posed a threat to banks, financial institutions and current insurers. The digital transformation of financial products and services as a result of technical innovations and the demand of millennials with technology know-how is developing a new generation of banking services and products.

The following problems may be raised:

Has digital transformation contributed to improving financial performance of financial institutions in general? Has it contributed to improving Al Rajhi Bank's financial performance?

The following sub-questions are included under the problem:

- Digital transformation has improved the operational efficiency of Al Rajhi Bank?

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- Digital transformation has improved Rajhi Bank's net income?
- Digital transformation has improved Al Rajhi Bank's profitability?

1-1 Research hypotheses:

As an initial attempt to answer sub-questions, the following partial hypotheses have been formulated:

- Digital transformation has improved the operational efficiency of Al Rajhi Bank.
- Digital transformation has improved Rajhi Bank's net income.
- Digital transformation has improved Al Rajhi Bank's profitability.

1-2 Research Objectives:

The primary objective of this research is to try to uncover the contribution of digital transformation to improving financial performance of financial institutions by achieving the following objectives:

- * Recognize basic concepts of research variables.
- * Analysis of the financial impact of digital transformation.

To answer the question contained in the problem and to establish the validity of the hypotheses and in order to achieve the research's objectives,

The analytical descriptive approach based on the collection of research-related data and information was relied upon when Description and analysis of this information and data.

We will address the following stages:

- 2- Digital transformation and financial performance in financial institutions.
- 3- Financial performance and digital transformation at Al Rajhi Bank.

2-Digital transformation and financial performance in financial institutions.

2-1 Theoretical Framework for Digital Transformation.

2-1-1 Date of digital transformation.

In the midst of these rapid developments in today's business world, there is no longer room for slow-moving work environments, especially after the Covid crisis, which imposed a faster *modus operandi*, and a roadmap that does not withstand slow manual operations.

If we look at the history of digital transformation, we will find that it dates back to the 1970s, when business enterprises began to rely on technology for manufacturing and design tasks, and in the 1980s the digital

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transformation also expanded to include resource planning, but at the beginning of the 1990s they saw the use of technological techniques in customer relationship management.

At the end of the 1990s, commerce and electronic banking emerged, but were not connected to the Internet at this time, until it was connected to the Internet at the beginning of the twenty-first century, and enterprises began to decline to implement digital transformation, the primary objective of which was to rely on it to communicate with customers.

2-1-2 the concept of digital transformation:

Digital transformation is a set of initiatives that shift organizations away from manual and analog processes to digital processes in almost every aspect of the business, including supply chain, financial management, payroll, human resources, customer service, sales and marketing. The first step in these projects is often digitization, which is the process of converting information into digital format - For example, scanning a contract or paper invoice and converting it into a digital file and immediately reading data by computers, companies can start the digitization process, which includes replacing old processes and systems to automate workflow processes, enhance competencies, enhance employee productivity and deliver the required business results.

Some companies are motivated to digitize and digitize to seize growth opportunities or respond to increased competitive pressure, while others are driven by the need to keep pace with changing regulatory standards. In the public sector, enterprises are often driven by a desire to conserve resources while providing better services to citizens. Whatever the primary motivation, business and IT leaders planning these projects must try to imagine new ways in which their company can employ technology, people and processes to anticipate and adapt to evolving market conditions.

***Main points:**

- Digital transformation involves the adoption of state-of-the-art technology to transform the company's way of working and engage its customers.
- It should be seen as an ongoing process that allows the Organization to adapt flexibly to changing market conditions and business imperatives.
- Artificial intelligence, the Internet of Things, automation and advanced data analytics are among the technologies associated with digital transformation, but the concept encompasses much more than technology.
- Most digital transformations aim to transform the company's culture in a way that encourages employees at all levels to perform their duties more flexibly and with a willingness to share information.
- By providing state-of-the-art pay-as-you-go services, the cloud facilitates digital transformation by giving companies greater freedom to experiment, expand and constantly adapt to changing market conditions.

2-1-3 Digital Transformation Features.

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Digital transformations can enable almost any business, in any industry, to create greater value for customers, employees and partners. Among the many benefits are deeper, more actionable analytical insights and easier and more efficient processes, increased information technology capacity, reduced costs and improved safety, product quality and productivity.

Automate manufacturers' factories and improve their supply chains. Retail companies have reinvented how they market, sell to customers and manage returns. Health care providers have provided patients with easy access to their medical information and have enabled them to consult with doctors from their homes. Construction companies have automated the scheduling and improvement of projects. Hotels used data they collect from guest stays to enhance customers' loyalty and improve their ability to increase sales. Facilities analyze data from smart meters, weather sensors and other sources to predict energy demand patterns and help modernize their networks. The benefits across industries are almost endless. (Hamhami, 2012)

2-1-4 Digital Transformation Challenges.

Many digital transformation initiatives do not meet desired business results, and some prove completely unsuccessful. While each company begins its journey of transformation from a different place and looks forward to achieving different results, there are some common challenges.

•Technology barrier and implementation.

Organizations may find it difficult to choose which technologies, products and digital sellers will best serve their needs. An evolving solution that seems exciting and attractive may not be suitable for the organization and can limit its ability to invest in more transformative technologies.

Once carefully selected, new digital technologies must be integrated with the old processes and systems that the organization chooses to maintain. This challenge is heightened by the fact that digital transformation initiatives often involve working with many vendors and cloud structures. Some companies ultimately struggle to connect different cloud systems and split the resulting data warehouses.

The implementation of digital technologies poses another challenge: testing new systems, migrating data and switching to new environments without completely disrupting existing processes.

•Cultural and skills challenges.

New digital technologies and processes are only as effective as staff use them to maximize impact. For this reason, digital transformation projects usually require a corporate culture in which employees adopt new ways of doing things, are willing to collaborate, want to develop new digital skills, and view digital systems as strategic assets.

Failure to invest in the training and development of the digital smart workforce can waste ambitious technological investments. Training programs should not only teach staff how to use new apps and devices, but also instill a

mentality that encourages them to take a flexible approach to performing tasks and sharing information throughout the organization.

•Strategic alignment and sustainability.

Digital transformations are likely to fail when they are not aligned with the company's strategic objectives. When selecting technologies and vendors for the initiative, carefully consider long-term financial objectives, staff satisfaction levels with current processes and systems, desired customer experience and growth strategies.

Using technology only to achieve the use of technology, exciting new technology is adopted when it is not really needed, sometimes just to match what competitors do, a common phenomenon that can mislead transformation initiatives and strategic objectives. For example, if a company struggles with the logistics of its supply chain, it should not prioritize investments in mobile customer loyalty applications. (Stefanovic, 2021)

New systems must be implemented with a focus on sustainability - how will IT and business leaders preserve, adapt and expand this new potential while preserving the old systems needed over time?

•Data Privacy and Budget Restrictions.

Sensors, applications and devices associated with digital transformation can create significantly more data than older systems - data that was then shared much more widely than ever across and outside the organization. This spread and data traffic increases privacy concerns, especially in highly regulated industries.

Digital transformation can also represent a significant financial investment that is not possible within an existing budget. Most companies must prioritize and identify projects that must be implemented first, which must be addressed later, and which must be removed from the plan. They must also influence how the shift from capital expenditures to operational expenditures inherent in the transition to the cloud affects their budgets.

2-1-5 Digital Transformation Strategy and Road Map.

Before a company begins its digital transformation journey, it needs to create a strategic plan that guides it from thinking to implementation and beyond. Next steps are crucial.

***Take off with discovery.**

The discovery phase is an essential stage, and must include identifying the current processes that hinder the company from achieving its objectives and the reasons for digitizing operations, and what the company hopes to achieve through the initiative. This process will inform all the following work.

*** Define your digital vision.**

Whether the company seeks to automate manufacturing processes or create a better customer experience, it must determine how digitization relates to its current processes and where it will make a difference in achieving the desired results. This vision will help the company to prioritize investment areas.

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*** Selecting your digital maturity.**

The digital maturity assessment will reveal how much the business actually uses digital capabilities, where it can benefit from additional investments, and its ability to successfully integrate new technologies. This assessment was used to help set a realistic pace and objectives for the initiative.

*** Identify potential gaps.**

It is important for companies to identify gaps in their digital infrastructure so that they can choose the best technologies to fill. When possible, you can develop a model where people, processes, tools and data work on an integrated platform.

*** Establishment of an indicative road map for transformation.**

Develop a strategic plan looking to finalize the initiative, identifying milestones to be achieved along the way. This road map should be clearly defined but flexible enough to absorb setbacks, thereby reducing risks and costs. It must also foresee the possibility of changing priorities and the emergence of new techniques during and after the project's completion.

*** Consideration of cloud applications.**

Although each organization has different old goals, limitations and systems to replace or continue to use, it is prudent to prioritize the adoption of cloud applications because they are relatively easy to expand and reduce, are updated with new features regularly, are managed and secured by expert vendors, and facilitate data sharing, especially when they come as part of an integrated set.

2-1-6 the future of digital transformation.

Digital technologies have transformed almost every aspect of how organizations and organizations operate, introducing competencies into accounting offices and assembly lines, upgrading supply chain logistics and improving customer engagement channels. (Simon, 2017)

The pace of change is accelerating just as innovations reveal additional opportunities for companies to create value for customers while enhancing their profitability and resilience to unexpected market disruptions. Over time, current solutions will appear on the horizon in the market, inspiring everyone with new transformational goals.

Over the past year, we have seen an example of how new technology, AI, can impact the world significantly and stimulate new transformation goals. Enter Chat GPT's large language model via AI into popular consciousness, but this technology is only at the beginning of the journey of integrating it into business processes. Organizations are now exploring how they can use GenAI to do things like write business reports in simple language improve chatbots and even create personalized software.

Augmented reality and virtual reality are other transformative techniques that are still in their nascent stages. Training employees to work with complex systems is one of the first use cases, but we expect people to wear headphones to shop remotely, interact with products, walk around real estate and participate in meetings.

Naturally, companies focus their digital transformation initiatives on meeting current business challenges and strategic objectives important for their immediate success. But digital transformation must be seen as an ongoing process for identifying new use cases and securing the necessary funding, then selecting the technology, pathway and partners that can provide services. (Huayun, 2022)

2-2 financial performance.

The financial unit was a core component of ERP (Enterprise Resource Planning) of the software platform's first iterations. While today's ERP systems include other features and modules as part of the standard package, ERP's core role remains the same: helping enterprises manage the production and delivery of goods and services and - perhaps more importantly - the funds received and spent in the process. The financial management module is vital to those efforts. Other core components of ERP include supply chain management, manufacturing, human capital management and enterprise performance management capabilities.

2-2-1 what is ERP Financial Management Unit?

The financial management module is a core component of the ERP system that manages and automates the company's financial functions and performance. It serves as the financial position, with flows of different financial statements converging, and is designed to regulate and automate accounting and financial management functions, including accounts for payments, receipts, expenditures, invoices, income recognition and asset life-cycle management. It also provides financial insights through the preparation of standard reports and financial statements and facilitates regulatory compliance. ERP's financial management modules also support more strategic analysis of enterprise performance versus key performance indicators (KPI), broader trends affecting business, and underlying drivers of profitability. In practice, each Financial Management Department employee uses the ERP financial system every day, ranging from senior financial managers such as CFO and console to junior budget analysts and financial auditors.

***Main points:**

- The basic purpose of the ERP Financial Management Module is to track, evaluate and report on an organization's financial performance. It is also the basis for the Foundation's financial planning and forecasting.
- The financial management module is the most used ERP unit and is at the heart of any ERP platform because it tracks revenue and cash flow.

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- The main advantages of ERP's financial management module include increased financial transparency, more informed decision-making, increased productivity and reduced risk of financial problems such as cash deficits.
- ERP's financial management modules are increasingly adding the potential of artificial intelligence to support financial decision-making, such as predictive analyses to use cash more efficiently while reducing deficit risk.
- Financial units can ensure the integrity of financial statements, facilitate compliance with accounting standards and regulations, and provide real-time insight into the company's financial integrity. (Ingmar, 2017)

2-2-2 Factors affecting financial performance.

Financial performance is influenced by a number of factors, most notably: company size, technology, climate organizational structure, organizational structure. These factors overlap with each other intricately, affecting the performance of Institutions comprehensively. It is therefore important for institutions to carefully study and analyse these factors to improve their performance financially effectively.

2-3 Impact of digital transformation on financial performance in financial institutions.

The digital transformation of financial institutions will certainly affect the number, type and nature of jobs. With So, this effect would not be KPR if these institutions were able to deal with current workers in a way appropriate, by preparing and training them to keep pace with this shift.

Digital transformation has a positive impact and a strong relationship to these organizations' financial results.

Investing in new operating systems, investing in new technologies and channels, easy access Products and banking services, improving the speed and accuracy of transactions, improving efficiency, improving customer experience, Expand customer base.

Hence, financial institutions' reliance on digital solutions will contribute to better operational efficiency At a lower cost, leading to better financial performance, through an asset return and a return on equity higher, achieving a long-term surplus of financial resources.

Thus, the digital transformation of financial institutions is not just technological development, but an opportunity critical to improving performance and enhancing competitiveness in the financial market. (Zehaira, 2022)

3- Financial performance and digital transformation at Al Rajhi Bank.

3-1 The Bank's strategic direction:

Through the implementation of its strategic plan of five main pillars : promoting growth to outperform competitors, becoming the sector's preferred employer, increasing focus on customer needs, digital leadership and implementation excellence.

In 2021, the Bank succeeded in concluding its main partnership with the Ministry of Housing. S Investment Fund", including strategic engagement with Roshen, the real estate company of the Public Investment Fund. To increase Saudi ownership of homes, and after the bank launched a number of products in cooperation with the Real Estate Development Fund in the previous year in line with the Vision. 2030 The Bank focused its attention on strengthening its position in 2021 as a leader in real estate finance by expanding the portfolio of its non-real estate development fund products, Securing a share in the real estate finance market of 41% in 2021 and continuing to integrate corporate business functions and transfers into existing individual banking branches as part of the Bank's ongoing efforts to improve resource exploitation.

The Bank continued to invest in the banking services of individuals, companies and microenterprises.

Small and building on its current capacity to develop its core market share safely and sustainably during 2021, the Bank has retained its leading position in the market in 2021 under fierce price competition in the area of individual banking services. Real estate, personal and car financing products have grown doubly and are considered the Bank's highest ever growth rate. The growth of the Bank's real estate finance sector by 63% annually and its market share to 41% in 2021 represents a strong achievement of the objectives of Vision 2030, which is to increase the housing ownership of Saudi Arabians to 70% private. This strategic effort also supported the goals of Vision 2030 in terms of non-oil GDP growth, doubling the Bank's private sector portfolio annually in terms of asset growth.

Strategic improvements and free privileges for the Bank's client segment contributed in 2021 in increasing the market share of deposits under demand, which has helped to offset lower profit rates.

In addition to the capital structure ideal for diversifying its customer base, and more than 100 new financing customers added in 2021, the low-cost approach and the low-cost approach to diversification have also grown significantly. The increase in the Bank's market share in the corporate banking sector underscores the successful growth strategy related to corporate leisure services for 2021. In addition, the Bank has renewed the work of small and medium enterprises for optimal alignment with Vision 2030. "The best option for small and medium-sized enterprises is to introduce new products, including cash-flow and debt related to the public budget, supported by stringent procedures in the date of investigation and proactive monitoring, all of which contribute to an improvement in the proportion of the outstanding debt. (Riitta, 2016)

3-2 Digital transformation in Al Rajhi Bank.

Al Rajhi Bank is one of the leading financial institutions in the field of digital transformation. The latter reversed The Bank's commitment to meet the diverse wishes of customers and improve their banking experience, and has witnessed a significant development during Recent years.

3-2-1 Bank's digital transformation initiatives:

Al Rajhi Bank has developed a number of digital initiatives and services to meet customers' needs and streamline Banking operations, these initiatives can be summarized at the following points

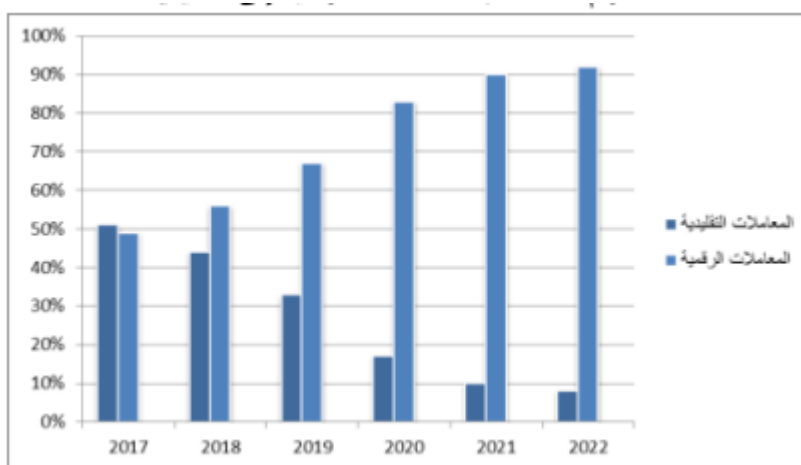
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- **Mobile Applications:** The Bank provides advanced applications offering many services to customers (Management bank accounts, digital transfers, account control, electronic payment and other services).
- **Internet banking:** The bank has strengthened its digital services by creating digital platforms, allowing Customers access and manage their online bank accounts and perform many banking operations in a way Fast and safe.
- **Smart Banking:** Bank provides smart services to customers, these services depend on intelligence Artificial and blockchain technology, this represents process automation, self-support services etc. (Paavola, 2017)

3-2-2 Digital to traditional transactions.

In recent years, digital transactions have developed significantly to meet customers' needs and requirements variable. This development is attributable to the continuous advancement of technology and the expansion of Internet use, which has opened the door to a major shift in financial handling methods. This development is clearly reflected in Al Rajhi Bank's statistical data During the period 2017-2022, the proportion of digital transactions increased significantly during this period, This ratio reached a peak of approximately one year, 2022, and was offset by a significant decrease in the proportion of traditional transactions During the same period, this ratio is approached by 2022. The following form shows this:

Figure No 02: Ratio of Digital to Traditional Transactions.



Source: Prepared by researchers

3-2-3 financial performance of Al Rajhi Bank.

Al Rajhi Bank has achieved positive financial performance over the last four years, registering an increase in net Income, increase in operating income, and significant growth in both earnings per share, on average Assets and return on average shareholders' equity.

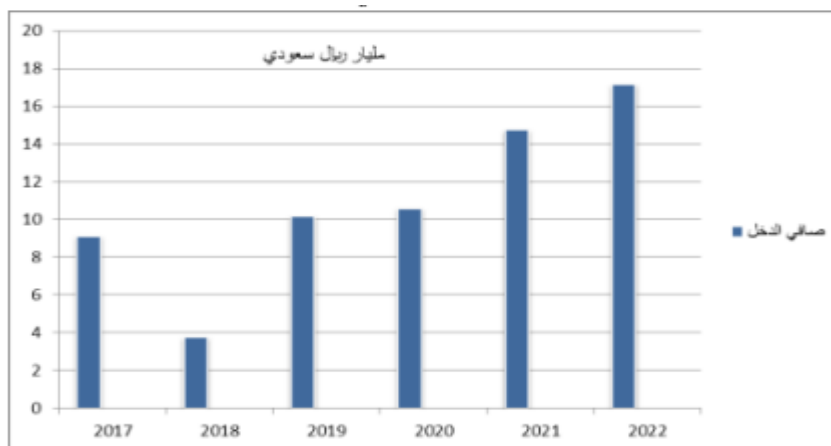
First: Income

Over the last four years, Al Rajhi Bank has achieved strong income growth, witnessing a marked rise in net income and has grown exponentially in operating income. Starting from year, 2017 The value of net income increased in the

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form of Remarkable, increasing from SAR 9.120.726 billion in 2017 to SAR 17.150.825 billion Saudi Arabia in the year 2022. The following form shows this:

Figure No 03: Net Income.



Source: Prepared by researchers

At another level, Al Rajhi Bank's operating income grew rapidly and dramatically compared to expenditure growth during the period 2017-2022, the following format shows this:

Figure No. 04: Operating income versus operational expenses.



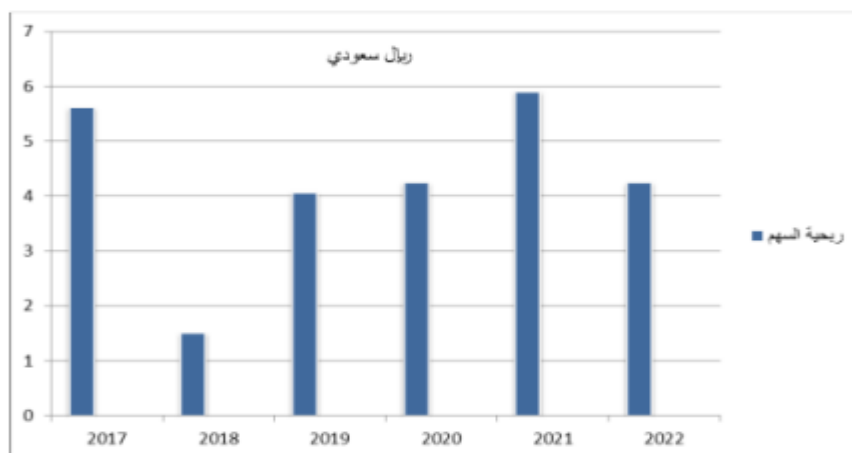
Source: Prepared by researchers

Second: Profitability

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Al Rajhi Bank recorded the highest returns in the sector, with a fixed return on assets of 2.46% The return on shareholders' equity is 22,68%, 2022 years, according to the Annual Report 2022 to the bank. For earnings per share, it experienced somewhat fluctuating during the period 2017-2022 where the year declined 2010, then rose significantly in the following years, to return and see a remarkable decline in 2022 compared in 2021, the following form shows this:

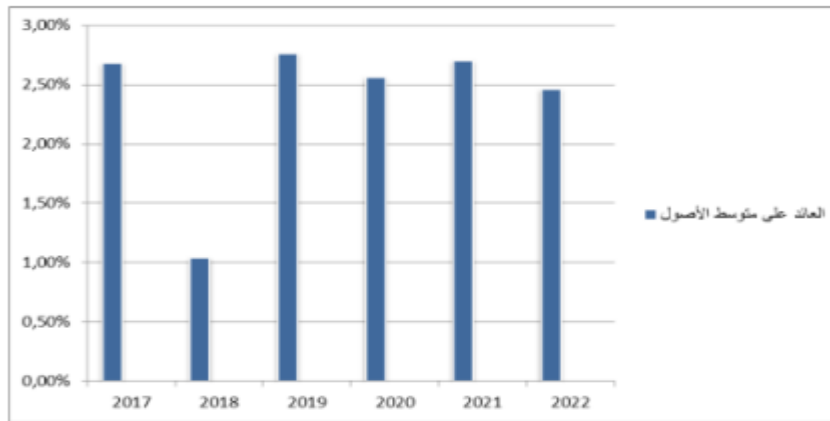
Figure No 5: Arrow Profitability.



Source: Prepared by researchers

On the other hand, the return on average assets witnessed a marked fluctuation during the same period, witnessing A free decline in 2018 compared to one year, 2017 followed by a marked rise in 2019 compared to 2017 And, 2018to return and see a slight decrease in 2020compared to a year, 2019followed by a slight rise and then a decrease Slight 2021 and 2022 respectively. The following form illustrates this:

Figure No 06: Return on average assets.



Source: Prepared by researchers

3-2-4 Impact of digital transformation on Al Rajhi Bank's financial performance.

From the annual reports of The Swing Bank, digital transformation has been shown to have a positive impact on financial performance. The Bank has been able to achieve substantial improvements in its operations and banking services.

Through the adoption of information technology and the development of innovative digital solutions. On the one hand, digital transformation has enhanced the customer experience in dealing with the bank remarkably and distinctively, as Customers can benefit from Al Rajhi Bank's online services and smart banking applications.

This has increased easy access to financial information and banking operations anytime and from anywhere. (عادل, 2022)

Thanks to this unique experience, customers' satisfaction and loyalty to the bank has increased, which has contributed to an increase in the size of the bank Transactions and banking activity, which clearly improved the bank's operational efficiency, resulting in to reduce the Bank's operating expenses and increase its operating income.

(فج, 2021)

On the other hand, digital transformation has provided more resources for the bank to invest in service development new innovations, which contributed to an increase in the bank's net income, and as a result, both increased profitability Share, return on average assets and return on average shareholders' equity. (الراجحي, 2022)

Table No 01: Operating Expenses, Operating Income and Net Income Before and After Digital Transformation (Unit: 1 billion Saudi riyals)

After Digital transformation						Before Digital transformation			
2022	2021	2021	2019	2018	2017	2016	2015	2014	years
92%	90%	83%	67%	56%	49%	/	/	/	Percentage
9.4	9.2	8.9	8.1	7.1	6.7	7.15	6.61	6.83	Operating Expenses

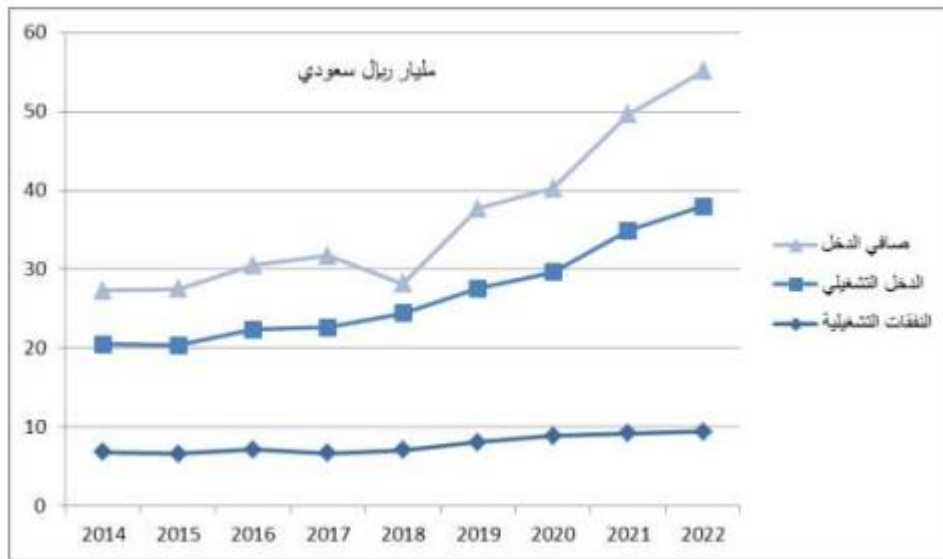
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2.17%	3.37%	9.88%	14.09%	5.97%	(6.29%)	8.17%	(3.22%)	/	Growth Rate
28.57	25.71	20.72	19.48	17.31	15.9	15.2	13.74	13.66	Operating Income
11.12%	24.08%	6.37%	12.54%	8.9%	4.61%	10.63%	0.6%	/	Growth Rate
17.15	14.74	10.59	10.15	3.76	9.12	8.12	7.13	6.83	NET Income
16.35%	39.19%	4.34%	169.95%	(58.77%)	12.32%	14%	4.39%	/	Growth Rate

Source: Prepared by researchers

The table above shows both the proportion of digital transactions, operating expenses and their growth rate, income Operational and growth rate, net income and growth rate before and after digital transformation. Where the percentage of transactions turns out to be Digital saw a marked increase during the period -2017-2022 especially after the outbreak of the virus, Covid 19 and that Operating income has continued to rise at an accelerated rate of growth in conjunction with the high proportion of digital transactions. Operational expenditures also increased gradually from 6.7year 2017 to 9.4year, 2022year with average Growth rate.% 4.87 This increase is due to the Bank's efforts to develop digital infrastructure During the first three years of transformation, but then its growth was restricted. Net income improved significantly Sustainable after digital transformation, especially after year, 2018indication of greater profitability thanks to increased Income. Ultimately, it can be said that digital transformation has contributed significantly to improving the financial performance of a bank Al Rajhi, where it has increased efficiency and revenue, as well as improved the quality of customer services. It explains Positive impact of digital transformation on both operating expenses, operating income and the bank's net income the following form: (نسرين, 2022)

Figure No 07: Impact of digital transformation on both operating expenses, operating income and bank net income Al Rajhi



Source: Prepared by researchers

4- Conclusion:

In conclusion, it can be said that the adoption of digital transformation by financial institutions is not just an option; it is a necessity to successfully adapt to rapid TGT in the working environment. So these institutions had to be ready.

To invest in modern technology and improve its technical infrastructure, to be able to improve its performance to better meet the needs and aspirations of its customers, thereby enhancing its position and success in the financial market.

• Results:

Through the study, several results have been reached, the most important of which are:

- Digital transformation enhances financial institutions' ability to control and adapt to the Tiggart market in a manner that helps them avoid risk and take advantage of new opportunities, thus improving their overall financial performance.
- Digital transformation contributes to streamlining and improving financial institutions' internal processes, leading to an increase Efficiency and reduction of errors and operational costs.
- Through digital transformation, financial institutions can improve customer experience and provide more easy services smooth and customized according to customers' needs.

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- Digital transformation can help financial institutions expand their scope of operation and reach new customers in distant locations, thereby increasing growth opportunities and expanding the market.
- Digital transformation gives financial institutions better competitiveness in a competitive financial market, where it can provide innovative and sophisticated services that better meet customers' needs.
- Digital transformation enhances innovation and development within financial institutions, helping to deliver products various and innovative financial services for customers.

Suggestions:

Based on the conclusions reached, a series of proposals can be made, the most important of which are:

- Financial institutions should enhance employees' and customers' awareness of the importance of digital transformation and training them in using new techniques to ensure full utilization of possible improvements.
 - Financial institutions should invest in the development of digital infrastructure, information systems and software to enhance customer experience and improve internal procedures.
 - Financial institutions should adopt interactive strategies with clients across social media smartphone applications to provide support and answer queries more effectively.
 - Financial institutions should keep abreast of the latest digital financial technologies and innovations
- And its application to meet customers' needs and improve performance.

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