



Palestine Polytechnic University
Deanship of Graduate Studies and Scientific Research Master of
Administrative Science (MAS)/Accounting

**"The effect of a balanced scorecard on the Profitability of
Islamic and Conventional Banks: Evidence from Palestine**

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A thesis submitted in partial achievement of necessities of the
diploma of Master of Administrative Science (MAS)/Accounting.

Hebron, 2023

THESIS APPROVAL

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الملخص

من أهم الأهداف التي تسعى إليها شركات الأعمال وخاصة قطاع البنوك هو تعظيم الربحية ، لذا تهدف هذه الدراسة إلى معرفة مدى تأثير استخدام مدخل الأداء المتوازن على ربحية البنوك العاملة في فلسطين ، وذلك بمحاورة المختلفة وهي : المحور المالي ومحور العملاء ومحور العمليات الداخلية ومحور التعلم والنمو، لذا قام الباحث بإعداد إستبانة تم توزيعها على جميع فروع البنوك العاملة في فلسطين والموجودة في مدينة الخليل ، حيث إستهدفت هذه الدراسة مدراء الفروع ونوابهم والمراقبين ورؤساء الأقسام في هذه البنوك ، حيث تم توزيع مئة وعشرة إستبانات تم إستعادة مئة وخمسة إستبانات منها وذلك بسبب فقدان بعضها مع موظفي البنوك ، وذلك ما يشكل ٩٦٪ من عينة الدراسة ، وخلصت الدراسة إلى نتائج عدة أهمها : هناك علاقة طردية قوية نوعا ما وذات دلالة إحصائية بين (البعد المالي وبعد العملاء) وربحية البنوك ، وكان هناك علاقة عكسية ضعيفة وذات دلالة إحصائية بين بعدي (العمليات الداخلية والتعلم والنمو) وربحية البنوك العاملة في فلسطين. لذا خلص الباحث إلى مجموعة من التوصيات أهمها : على البنوك العاملة في فلسطين تطوير أدوات قياس أداؤها لتحسين الربحية ، ومعرفة الأسباب التي أدت إلى وجود العلاقة العكسية بين العمليات الداخلية وبعد النمو والتعلم مع ربحية البنوك ومحاولة معالجتها .

Abstract

This study examines the impact of the various dimensions of the balanced scorecard, namely financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives, on the profitability of Islamic and conventional banks operating in Palestine. The survey included thirteen banks that perform in Hebron district, where this study targeted the branch managers and their deputies, supervisors and heads of departments in these banks, where one hundred and ten questionnaires were distributed, one hundred and five questionnaires were recovered due to the loss of some of them with bank employees. This is what makes up 96% of the study sample, and the study concluded several results, the most important of which are: there was a fairly strong and statistically significant direct relationship between (the financial and customer dimension) and the banks' profitability, and there was a weak and statistically significant inverse relationship between the two dimensions (internal processes, learning and growth) and the profitability of the banks operating in Palestine. Therefore, the researcher came to a set of recommendations, the most important of which are: The banks operating in Palestine should develop tools to measure their performance to improve their profitability and find out the reasons that led to the existence of the inverse relationship between the internal processes and after growth and learning with the profitability of the banks and try to address it.

KEYWORDS: profitability of banks, balanced scorecard

DEDICATION

For the sake of my family.

*I should not be able to complete it without your perseverance, confidence,
and help at some point in my education.*

Mutaz Al-nawaj'a

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I want to offer a unique way to thank our mentor, Dr. Husam Rjoub, and all of my teachers for their time and efforts sooner or later in the year. Your valuable suggestions and recommendations have helped me sooner or later with the assignment's implementation.

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LIST OF ABBREVIATIONS:

VAT	Value-Added Tax
PMA	Palestinian Monetary Authority
GDP	Gross Domestic Product
PNA	Palestine National Authority
ATM	Automated Teller Machine
PIN	Personal Identification Number
EAP	Europe's Arab Bank
GRI	Global Reporting Initiative
IVR	Internet Banking
HBTF	The Housing Bank for Trade and Finance
BOP	Bank of Palestine
PIB	Palestine Investment Bank
TNB	The National Bank
BSC	Balanced Scorecard
ROI	Rate of Investment
ROA	Rate of Assets
SPSS	Statistical Package for the Social Sciences
CEO	Chief Executive Officer
CFO	Chief Financial Officer
EQ	Earning Equity
FS	Firm Size

Chapter 1: Introduction

1.1: Background of the Study

1.1.1: The Concept of a Balanced Scorecard

1.1.2: Organizational Profitability

1.1.3: Economic and Banking Sectors

1.2: Research Problem

1.3: Research Objectives

1.4: Research Value

1.5: Questions of research

1.6 : Hypothesis Development

1.7: Research limitation

1.8: Thesis Structure

1.1 Background of the Study

1.1.1: The Concept of a Balanced Scorecard

The balanced scorecard is one of the tools relied upon to construct strategic plans inside painting establishments. It is consequently a critical element for the corporation's control to assess its personal sports and overall performance in keeping with the imaginative and prescient method on which every enterprise depends (Porter, 1985).

The Balanced Scorecard (BSC) is an overall performance control device for agencies to make clear their imaginative and prescient methods and translate them into action. Professors Robert Kaplan and David Norton stated that BSC is multidimensional because it carries both economic and non-monetary measures, allowing its outcomes to have both reporting and potential value. The Balanced Scorecard was first offered at Harvard Business School in the early 1990s, with the aid of Report Kaplan and David Norton. This method provides complete data on an institution's overall performance. It is an innovative method enabling institutions to set strategic objectives that examine operating, economic and strategic overall performance according to a combined economic and non-economic framework(Kaplan & Norton, 1992). Kaplan and Norton introduced the third-generation balanced scorecard in 1996 as a strategic manipulation gadget. They used a manipulation tool in a framework able to link the company's long-term strategies with their rapid execution. The Balanced scorecard allows them to initiate four management methods that work sequentially and combine to hyperlink long-term strategic dreams and short-term movements (Gholizadeh, 2010). The balanced scorecard emerged due to the lack of ability of monetary requirements to display the variables as a consequence of the extent of overall performance, implementation, and followup of the approach and due to the depth of opposition and era improvement in diverse regions, including data and manufacturing systems, because of which monetary signs and effects no

longer replicate the proper picture of the employer's overall performance (Teri and others, 2016). Units of factors feature within the balanced scorecard: coherency and balance, cause-and-impact relationships, and quantification. "Coherency" within the balanced scorecard approach does not discontinue within the control process. An enterprise is needed to hold a sport non-stop that translates into movements with the aid of individuals, thereby figuring out the approach (Roselyn Gitonga, 2014). "It is one step in a logical continuum that moves the agency from a high-degree undertaking assertion to the paintings done via means of front-line and back-office employees" (Kaplan & Norton, 1992).

The balanced scorecard's outcomes are within the context of the relationship, some of the corporation's strategic hints, and its organizational manner. The managerial BSC links strategic objectives, sports activities, and short periods. Plans (Sodan, 2015). Also, the BSC is now the unique method for design, technique implementation, and agency common normal standard overall performance (Faroqhi and Roghaninan, 2018).

BSC has been proposed because the concept of a "strategic management framework has been broadly identified and imposed across the world (Andover & Ali). Because of the belief that one achievement metric is insufficient to capture the complete, common, and normal standard of overall performance. Deal with the agency (Hameed & Anwar, 2018). Banking sectors may be very important in the monetary system of the United States. Hence, their profitability is crucial to developing GDP inside the United States, soErgo the utilization of the balanced scorecard to quantify the simple overall performance in opposition to a prevalent benchmark for the banks is crucial and essential to perpetuate the agency's profitability.

Balanced scorecard furnished a sum between the everyday widely widespread frequent performance measures of the financial and non-monetary criteria, some distance from the celebration of the state-of-the-art monetary system. Banks face a rapidly changing environment in requirements and resources, which imposes on the banks a quick response to bolster their technology and strategies in the manner to stand the changes in their numerous dimensions to acquire the development successfully and effectively; the energy of measuring and evaluating the vast normal standard overall performance of banks has been understood to understand the areas which may be likely in urgent need of change, development, and non-prevent improvements (Mangestika et al., 2021).

The coronaviruses damaged the monetary system, which damaged monetary markets and instructions in all possible dimensions. Simply put, it is far more important to use balance scorecards, which have four broad areas: monetary, customers, internal enterprise agency manner, and gaining knowledge of and increasing, but the researchers reported the greater attitude that banks' regular normal standard overall performance to test it in analysis. These align individual, departmental, and organizational goals and understand the latest system for meeting purchaser and shareholder goals.

1.1.2: Organizational Profitability

Profitability is the ratio of an organization's income and expenses. Profitability is certainly considered one of the largest issues of an organization. Because through getting a better charge of go back or a better charge of go back on investment, we will certainly consider one among the products phases capital, which, in one-of-a-kind phrases, lets in permits them to amplify and grow their fee creation.

In this study about we will use each the **ROE** and the **ROA** for measuring profitability as we are working in the identical sectors. To avoid any problem with governments intervention may be involved in financial intermediation, or governments could supply ensures to some banks, which may want to enable them function with low equity. This could inflate banks' return on equity and can also lead to inconsistent results. To avoid such an outcome, we used a third measure of bank performance, the economic intermediation margin (**MARGIN**), which indicates the distinction between interest fee and income (Khrawish, H. A., & Al-Sa'di, N. M. 2011).

ROA = Net Income / Total Assets

ROE = Net Income / Total Equity

Margin = Net interest income / Total Assets

Profit Maximization:

Profitability is one of the most crucial matters that commercial enterprises research to achieve, and profitability maximization is described as the capacity of an agency to apply techniques to maximize income at the lowest viable fee. It's a quick- or long-term- period system wherein a business enterprise determines price, inputs, and output stages that lead to the best earnings (Samuelson & Marks, 2003). The maximum essential signs of profitability maximization (Al-Mubaideen et al., 2016).

- i.* Infrastructure: It consists of the organizational shape of the financial institution, helps many movements, and achieves the financial institution's goals.
- ii.* Competitive benefit: It creates an aggressive benefit amongst all sections inside the financial institution to differentiate from different banks.

iii. Cost reduction: it consists of all the elements that the financial institution works directly to acquire at the bottom charges, including garage and transportation expenses and other Banks are not the exception; certainly, the banks perform crucial functions in the monetary gadget of us all (Paul Vera-Giles, 2020). The key factor in a monetary device is banks. There are labeled into groups: endogenous and exogenous elements, so the researcher accepts as true that the subsequent inner elements are capital adequacy, loans, deposits, overseas possession, overhead price, and off-balance sheet (OBS) activities, concerning the outside elements, are far from GDP boom, GDP according to capital, actual hobby charge, rules, and monetary shape; additionally, deposits insurance, marketplace capitalization, and financial institution length are barely effects of bank's profitability (Ahmad Al-Harbin, 2019).

Banking profitability has a class of things depending on it is, Internal determinants of banking profitability, which include liquidity, hazard control, leverage, control of expense, deposits legal responsibility length, financial institution credit score portfolio charter and length, the coverage followed for the interest price, hazard-associated exposures, first-class of the control, in addition to the age and length of the banks, possession shape and the awareness of the banks, structural association and the productiveness of the labor are the maximum reputedly hired initial elements, in different side, outside elements is that the inflation fee, the long -period charge, and the study price of many deliver are the important thing macroeconomic determinants of banks profitability (Habib-ur Rahman, 2020). Although efficiency, marketplace shape, regulatory surroundings, and change threat ("uncertainty") are crucial factors in the profitability of banks (Paul Vera-Gilles, 2020), The significant reason many businesses fail is that they fail to recognize and cling to the goals that

have been set for the organization. The balanced scorecard offers a solution by breaking down goals and making it simpler for control and personnel to understand. Making plans, setting objectives, and aligning approaches are essential areas to where the balanced scorecard can contribute. Goals are set out for each of the four perspectives regarding long-term targets. However, goals are typically conceivable, even in the short run, if measures align with attaining the objectives. Strategic comments and studying are the subsequent areas in which the Balanced Scorecard takes a position (Roselyn Kathambi Gitonga, 2014).

1.1.3: Economic and Banking Sectors

Economic growth has been considered the essential goal of the country for more than half a century. However, improvement performances are necessary to fulfill human willingness, which can happen through financing, funding, and production, especially in growing nations that are struggling with many financial issues, which include unemployment, poverty, low standard of living, and inflation. Thus, those nations are usually looking to keep their financial boom to boost their countrywide profits and create extra activity possibilities to enhance their living standards. In fact, the economic and banking regions play an important role in financing monetary improvement.

Moreover, the fashion in the banking zone ends with the growth in financial boom prices in any economic system. This argument has been supported by lots of empirical research worldwide. Therefore, the economic increase principle believes that economic institutions, particularly financial institutions, are taken into consideration particularly financial institutions, are considered a beneficial tool for enhancing the effective capability of the economic system and its critical inner supply of

funds for any country, particularly with the delivery levels of the financial boom (Schumpeter, 1911). Banking strategies are vital to the financial boom via their capacity to accumulate and attract deposits from savers. Second, its position in presenting loans to inspire funding and production. Third, its cap potential in growing financial enlargement to the maximum of monetary sectors, including agriculture, enterprise, and change area. Fourth, its intermarried position among savers and borrowers. Finally, banking enterprises contribute to forming preliminary capital for funding projects.

1.2: Research Problem

The banking sectors were the most essential to the economy in Palestine, so after the technological revaluation and now no longer solid enterprise surroundings, it may be critical to observe the inner and outside situations that banks paint on it to analyze the failure motives and keep away from all components that make a bad trade and decrease the possibilities of achieving the imaginative and prescient and making plans in banking sectors.

Although the coronavirus pandemic (COVID-19) is causing many issues in enterprises, it is vital to a brand-new overall performance. The most crucial issue of these studies is to research the effect of using the balanced scorecard on profitability in the banking sector in Palestine. In different ways, the overall economic performance sufficient to fulfill the imaginative and prescient dreams of the companies in enterprise, so it's vital to use the balanced scorecard in banking sectors. The researcher studied the literature on balanced scorecards and overall economic performance in banks in Palestine, even though he advised implementing a balanced scorecard after reading the price and advantages of it. The Balanced Scorecard has four

perspectives: financial perspective, client perspective, learning and growth perspective, and inner enterprise system perspective, even though the researcher counseled five perspectives, namely banking performance. The BSC provides the mixing of monetary and non-monetary overall performance measures and results in the coherence of courting among the organization's strategic instructions and operation manner. The managerial BSC hyperlinks strategic targets, activities, and brief time-period plans (Sodan, 2015). On the other side, Palestinian organizations and enterprises skip through unsure financial and political, and social situations; therefore, it is super vital to undertake and carry out the BSC to beautify the profitability of banking sectors in Palestine (Abu Anja, 2019; AlMomani et al., 2021).

A good deal of research was performed on the balanced scorecard in banking sectors in Palestine; however, no sufficient studies have been performed on the effect of using the balanced scorecard on the profitability of banking sectors in Palestine. Also, does the balanced scorecard impact banking profitability in Palestine?

1.3: Research Objectives

The main objective of this study is to investigate whether the balanced scorecard affects the profitability of banks operating in Palestine, as evidenced by Islamic and conventional banks. However, the specific objectives are as follows:

- i.* To investigate the impact of financial perspectives on the profitability of Islamic and conventional banks operating in Palestine;
- ii.* To examine the impact of customers' perspectives on the profitability of Islamic and conventional banks operating in Palestine;

- iii.* To analyze the impact of learning and growth perspectives on the profitability of Islamic and conventional banks operating in Palestine; and
- iv.* To analyze the impact of internal business process perspectives on the profitability of Islamic and conventional banks operating in Palestine.

1.4: Research questions

The main question this study intended to answer is to investigate whether the balanced scorecard is affecting this study intended to answer is to investigate whether the balanced scorecard affects the profitability of banks operating in Palestine as evidenced by Islamic and conventional banks.

However, the specific questions of the study are as follows:

- i.* How does financial perspectives impact the profitability of Islamic and conventional banks operating in Palestine?
- ii.* How do customers' perspectives impact the profitability of Islamic and conventional banks operating in Palestine?
- iii.* Are learning and growth perspectives impacting the profitability of Islamic and conventional banks operating in Palestine?
- iv.* Do internal business process perspectives impact the profitability of Islamic and conventional banks operating in Palestine?

1.5: Hypotheses Development

The researchers investigated that companies have attained imperative breakthroughs in entire structures internal two or three years of executing a new strategic management system, specifically overall performance (Kaplan and Norton, 2001a). The companies increase their offerings and items and make investments a lot in intangible and tangible assets, however association success relies upon on their systems for possible increase (Rafiq et al., 2020). The BSC has cease up the most imperative general performance dimension and strategic administration gadget (Guenther and

Heinicke, 2019; Hansen and Schaltegger, 2016). Researchers found that BSC has been made to offer a balanced size to take a look at organizational overall performance (Alosani et al., 2019). The BSC dimensions like financial, customer, learning and growth, and internal business process point of view drastically make bigger a firm's overall performance (Rafiq et al., 2020). Moreover, lately researchers placed that BSC dimensions substantially improve the organizational performance of Vietnam's industrial banks (Tuan, 2020). Thus, BSC has smart relevance for a firm's decision making (Abueid, 2023). Although, after these literature and the purpose of the study, **The main hypothesis of this study** is that a balanced scorecard has no significant impact on the profitability of all banks (Islamic and conventional) operating in Palestine, as evidenced by Islamic and conventional banks. However, the specific hypotheses of the study are as follows:

H₀₁: Financial perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.

H₀₂: Customers' perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.

H₀₃: Learning and growth perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.

H₀₄: Internal business process perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.

1.6: Significance of the Study

This is a preliminary show of the use of a balanced scorecard to determine the profitability of banks in Palestine a previous researcher over the show off up of the balanced scorecard dimensions composite and their relative have effect on the prediction of banks every day in many conditions taking region day by using day acquainted normal commonly used universal overall performance is no longer without a doubt useful even even even though insurance plan layout sketch layout makers in awesome indoors the public quarter serve as trouble for police and strategies that enhance the profitability of banks due to the fact they cutting-edge day strategies that beautify the profitability of banks and furnish the day by the genius of day tools to appraise the banks day-to-day every day overall contemporary performance to make larger their private profitability and performance (Abuzir, 2016) and (Gonzalez & others, 2022).

1.7: Study Limitation

One of the limitations of this study was conducted in Palestine, which Israel occupied and this is affecting the country's financial system and to the extent that now the country has no longer has an unbiased financial system. Moreover, this was study was conducted after the eruption of the Covid-19 pandemic. Furthermore, although the study began in September 2022 and was completed in June 2023, the range of banks to be decided has been restrained to thirteen banks that have branches in Hebron, and a number of the managers in those banks no longer take delivery of the questionnaire because of the safety of statistics that apply to banks working in Palestine. Having extra time to provide the researcher with a purpose to provide the questionnaire to employees. Furthermore, although the sample selected in Hebron city branches , so this makes difficult to generalised the results .

1.8: Thesis Structure

Precisely, this study consists of five chapters, such as the creation and the conclusion. After the introduction, the rest of this study is prepared as follows:

Chapter 1 describes and refers to the notion of the balanced scorecard, agency profitability, the economic and banking sectors, search for issues, look up objectives, search for questions, and lookup limitations.

Chapter 2 explores the archives and enhancements of the Palestinian banking region. It also sheds light on the Palestinian monetary gadget after the crew of the Palestinian Authority after Oslo and the economic hints enacted with the resource of way of the Palestinian economic system.

Chapter 3 provides and mentions the concept of a balanced scorecard over time. It also touches on introducing balanced scorecards as a strategy, and the empirical literature evaluates the relationship between balanced scorecards and bank profitability.

Chapter 4 mentioned design, model, data collection, patterns, information evaluation, and study of results.

Chapter 5 presents the most important results and conclusions from these empirical studies and provides some pointers for further research.

Chapter 2: Palestinian monetary and banking sector

2.1: Introduction

2.2: The Oslo Accords

2.3: The Palestinian economic system

2.4: Palestinian Commercial banks and Islamic bank

2.1: Introduction

GDP in step with capital within the Palestinian Territories grew at 7% yearly from 1968 to 1980; however, it slowed within the 1980s. Between 1970 and 1991, lifestyle expectancy rose from fifty-six to sixty-six years, toddler mortality in step with 1,000 fell from ninety-five to 42, and families with energy rose from 30% to 85%. The share of families with smooth water rose from 15% to 90%. The number of fridges multiplied from 11% to 85%, and the variety of families with washing machines elevated from 23% in 1980 to 61% in 1991.

Economic situations within the West Bank and Gaza Strip, whose financial markets have been regulated through the Paris Economic Protocol of April 1994, deteriorated due to regulations imposed with the aid of the Palestinian government within the early Nineteen Nineties. In the 1980s, the common unemployment charge was normally below 5%. In the mid-nineties, it passed 20%. Since 1997, the use of flat tops in Israel has declined, and new policies have been introduced. In October 1999, Israel allowed secure transit between the West Bank and the Gaza Strip under the 1995 Interim Agreement. With those modifications in financial management. Because of the closure, it lost approximately (\$2) million an afternoon to Israeli companies, and Gaza lost approximately (\$1) million an afternoon. The World Bank estimates the region's nominal GDP at (\$4,007,000) and Israel's nominal GDP at (\$161,822,000). Per capita, those figures upload as much as US (1,036) and USD 22,563 according to the year, respectively. Every day for the past (30) years, Israel has allowed hundreds of Palestinians to return to the United States and work in construction, agriculture, and other fields. During this period, the Palestinian financial system grew much faster than most Arab countries. In the mid-1990s, as many as (150,000) humans came to Israel daily (approximately a fifth of the Palestinian labor force). The concept of

secession from the Palestinians took root in Israel after the Palestinians staged a chain of suicide bombings. Labor-hungry Israel has regularly replaced the majority of Palestinians with immigrants from Thailand, Romania, and elsewhere. In 2005, the PNA's Treasury Department noted the development of a separation barrier in Israel's West Bank, which started in 2002, as one of the motives for weakening Palestinian financial interests. (The real GDP boom within the West Bank bogged down substantially in 2000, 2001, and 2002 and increased extremely in 2003 and 2004.) Closures and regulations on Palestinian businesses This has to do with adjusting to the contours of the West Bank economic system. In its go-out scenario, the financial institution forecasts an actual boom of -0.2% in 2006 and -0.6% in 2007. Israel became closed after Israel's unilateral withdrawal from the Gaza Strip. In 2009, the Israeli army eliminated its checkpoint at the doorway to Jenin. due to a chain of protection relaxations. In September 2012, EU activists stated that the Palestinian financial system had "misplaced access to 40% of the West Bank, 82% of groundwater, and more than two-thirds of grazing land" because of the profession and settlements. Under the Economic Relations Protocol, Palestinians are not allowed to undertake their foreign transactions. Instead, the principal foreign currency of the Palestinian Territories is the New Israeli Shekel; in the West Bank, the Jordanian dinar is likewise used. The shekel is used for maximum transactions, particularly retail, while the dinar is used extra for financial savings and sturdy items. The US dollar is likewise often used for saving and shopping for overseas items. The greenback is used within the good-sized majority of transactions managed with the aid of the Palestinian Monetary Authority (which acts as the vital financial institution of Palestine), which debts, for most effectively a fragment of transactions carried out in Palestine or through Palestinians. The shekel is likewise the primary foreign currency in Gaza, even though it is in short supply because

of the blockade of Gaza by Israel. Since; the Palestinian Monetary Authority does not control its overseas exchange, it is far from capable of performing an impartial and powerful forex coverage machine. At the same time, using more than one currency will increase prices and inconveniences resulting from fluctuating transaction expenses. The ever-evolving deal has caused the emergence of the Jerusalem Arbitration Center (JAC), a joint Palestinian-Israeli initiative. The middle will specialize as an unbiased organization centered on brokering commercial enterprise ventures among Israelis and Palestinians. Due to its disastrous flight from Israel, the Palestinian financial machine is in severe economic trouble, in keeping with the World Bank's 2019 report. Similar to the Camp David Framework for Peace in the Middle East, the autonomy of human beings close to and above the Palestinian populace close to the West Bank and the Gaza Strip. At that time, there had been approximately 7,400 settlers within the West Bank. (except for East Jerusalem), and he had 500 settlers in Gaza, and the numbers within the West Bank have been growing unexpectedly. When Israel designated the PLO a terrorist organization, the PLO refused to talk to the simplest representatives of Palestinian human beings. Instead, Israel desired negotiations with Egypt and Jordan, "elected representatives of the people of the West Bank and Gaza." Camp David's last aim became "a peace treaty between Israel and Jordan because of the agreements reached as a part of the Final Call for the West Bank and the Gaza Strip." However, the Oslo negotiations were immediately carried out and, in addition coordinated between Israel and Jordan. A PLO peace treaty was signed between the two groups. This led to a complete agreement within five years of the use of negotiating resources. But that was rectified without the Palestinians, while the Israeli-Jordanian peace accord was signed on October 26, 1994.

2.2: The Oslo Accords

Oslo Accords was signed in Washington, D.C., in 1993. They marked the beginning of the Oslo device, a peace method aimed toward accomplishing a peace treaty primarily based on Resolutions 242 and 338 of the United Nations Security Council and on the "proper right of Palestinian human beings to self-determination. "

The Oslo technique started after mystery negotiations in Oslo, Norway, resulting in the popularity of Israel via the PLO and the popularity of Israel through the PLO because of the truth that the Palestinian people and as a companion in bilateral negotiations. Among the terrific effects of the Oslo Accords were the advent of the Palestinian National Authority, which has become tasked with the obligation of finishing restricted Palestinian self-governance over the West Bank and the Gaza Strip, and the worldwide acknowledgement of the PLO as Israel's accomplice in permanent-popularity negotiations for approximately any ultimate problems revolving at some stage in the Israeli-Palestinian conflict. The bilateral conversation stems from questions associated with the worldwide border between Israel and a destiny Palestinian state: negotiations in this example are centered around Israeli settlements, the popularity of Jerusalem, Israel's protection of management over safety following the mounting order of Palestinian autonomy, and the Palestinian proper of return.

Currently, the Oslo Accords no longer create a Palestinian state. Most Palestinians, who belong to numerous Palestinian extremist groups, are staunchly against the Oslo Accords. Palestinian-American truth-seeker Edward Said defined it as "the Versailles of Palestine." The key agreements within the Oslo Law are:

1. Israel-PLO Approval Letter (1993): Mutual reputation between Israel and the PLO Oslo Agreement I (1993): A "Declaration of Principles on

Interim Arrangements for Autonomy"DOPOISGA or DOP), which set out the targets of the negotiations and furnished a framework for the transitional period.

2. Dissolution of the Israeli civil authorities with the status quo of the Palestinian Legislative Council.

3. Gaza-Jericho Agreement or Cairo Agreement (1994) From the Gaza and Jericho regions, he marks the start of a 5-year transition period, with Israel's partial withdrawal in weeks.

The simultaneous switch of constrained powers to the Palestinian Authority (PA) completes the installation under the same agreement. Part of the agreement was the Protocol on Economic Relations (Paris Protocol), which governs financial relations between Israel and the Palestinian Authority but transforms the Palestinian financial system into an Israeli one. This agreement went beyond the useful resources of the Oslo II agreement to Article XX (Confidence-Building Measures). Then they dictated the release or transfer by Israel of Palestinian detainees and prisoners.

Oslo II Accords (1995) Division of the West Bank into districts, fragmentation into numerous enclaves, and exclusion of about 60% of the West Bank for Palestinians Redeployment of Israeli troops from Area A and from precise areas throughout "further re-deployments", the election of the Palestinian Legislative Council (Palestinian Parliament, PLC), converting the PA upon its inauguration. The Deployment of Palestinian Police Changes Israeli Army Forces in the Area Safe Passage in some parts of the West Bank and Gaza. Most importantly, they started negotiations on the final settlement of the very last issues, to be concluded no later than May 4, 1999.

Protocol of Monetary Relations (Paris Protocol): The Protocol on Economic Relations, moreover referred to as the Paris Protocol, ended up as an agreement between Israel and the PLO on April 29, 1994, and was

protected by minor amendments within the Oslo II Accord of September 1995. Also, the Protocol, itself signed on April 29, 1994, has grown to be part of the Gaza-Jericho Agreement, which was signed in Paris five days later, on May 4, 1994. The Gaza-Jericho Agreement simultaneously installs the Palestinian Authority, which is responsible for Palestinian responsibilities concerning the Paris Protocol. The Protocol is said to be within the Gaza-Jericho Agreement. It is associated with it as Annex IN with the whole name. "Protocol on Economic Relations between the Numerous Governments of the State of Israel and the P.L.O., Representing the Palestinian Human Beings." "Protocol on Economic Relations." It turned out that the Oslo II Accord, which was signed in September 1995, included some small revisions that preserved it. Article XXIV of the Oslo II Accord discusses the Paris Protocol in detail. Only a few revisions on the clearance of profits and some technical improvements on the tax issue are included in the amendments to the Protocol (Supplement to the Protocol on Economic Relations), which have been appended as Annex V of the Oslo II Accord. Although the Protocol was initially implemented only in the Gaza Strip and the Jericho Area, the scope of its jurisdiction has since been expanded to include all of the Palestinian areas that are a part of the Oslo II Accord. The system of taxation The tax system, which serves as the foundation for the customs union, is the subject of the first section of the Paris Protocol from 1994. Israel is responsible for the collection, administration, and transmission of taxes on imports of goods that are destined for entry into Palestinian territory. These taxes are paid to the Palestinian Authority. Additionally, Israel has the ability to unilaterally set and change the levies that are placed on imported equipment. If Israel were to raise its rate of sales tax, Palestine would be required to cease this practise. Therefore, Israel does not collect accumulated income taxes on goods and services that are sold in Israel but exported to the Palestinian

Territories for use there. In addition to this, Israel takes in profits and taxes from Palestinians who are employed in Israeli settlements and Israel proper. According to the protocol, Israel will keep 25% of this income (which will no longer come from Palestinians working in the settlements) on an automatic basis. In addition, a collection and processing fee equivalent to three percent of the total revenue will be assessed. Even though the tax amnesty programme brings in the most money for the Palestinian government, it only made up 75% of the total in 2014.

Israel distributes this money on a monthly basis and also collects taxes on behalf of the A that are levied on imports from Palestinians as well as substantial insurance levies on profits from intricate paintings. Because of this, the A runs the risk of having cleared earnings transfers through Israel unilaterally suspended. During the 2014–2015 fiscal year, the average monthly revenue was close to \$186 million.

2.3: The Palestinian economic system

In the Palestinian financial system, the general monetary system is no longer unusually high; normal overall performance normally from extra consistency over a previous couple of years. Consequently, Palestine, in part because of western economic institutions, has witnessed a large growth in non-public intake and construction. Adversely, the economic device faced an increased alternate deficit due to the faster growth of imports in comparison to exports (PMA, 2016). This indicates that Palestinian economic devices are based instead on import products that close-by products cannot substitute. Furthermore, banking credit score rating score accessibility was reformed by the Palestinian Financial Authority so that you can ensure monetary stability in the banking vicinity, reduce nonperforming credit score rating scores, and promote the growth of Palestinian monetary devices. However, despite the non-preventive

tentativeness to revitalize banking credit score rating score, most of the Palestinian financial sectors have remained particularly low, supported by bank credit score rating score supply. Indeed, the Palestinian case is continuously specific and complex due to Israeli career and financial sanctions, besides the demanding conditions in using the available financial and monetary resources.

The causality courting amongst banking credit scores, rating scores, and financial increases has been notably debated and arguable in the economic literature. According to Hicks (1969), financial tools contribute to the expansion and development of the financial sector. It is referred to be supply-leading because, in reality, financial institutions offer more cash to support financial sports activities, and this leads to a banking credit rating and an economic expansion. In a manner analogous, King and Levine (1993) and Miller (1998) argued that the financial boom is a form of capitulation that thwarts the outcome of financial progress. This approach to the creation of monetary policy has a stupendous and enormous bearing on the expansion of the economy. Nevertheless, Gold Smith (1969) demonstrated that economic growth is the basis or origin of monetary markets.

In addition to this, the bigger monetary price increase ultimately results in a higher credit rating score. Palestine is an emerging economy with a rising financial system and a variety of characteristics that set it apart from other economies in every way imaginable. It is comparable to a developing United States in this regard. One of these characteristics is the use of the three most important currencies, which are the US dollar, the Jordanian dinar, and the Israeli shekel, rather than the local cash that is available in more remote areas. In addition to these characteristics, the Palestinian monetary device is characterised as the monetary device of an organisation, and it is dependent on assistance from far away areas. In addition, there

isn't any first-rate coverage in Palestine that has been decided on by Palestinian policymakers to direct belongings continuously from unproductive sectors to productive ones. This could reduce the unemployment rate and growth combination, which could call for a GDP boom in the lengthy run (Awad et al., 2017). This is something that is happening in Palestine. In addition to this, the Palestinian monetary system is categorised as an enterprise monetary system and is supported by aid from the international community (Awwad and El Khoury, 2021). With 17 banks and 232 branches and offices, Palestine's monetary system is still in its infancy. Of them, one is a foreign economic business, nine are Arab banks, and seven are indigenous banks (Abusharbeh, 2020; Awwad & El Khoury, 2021; Khatib et al. 2022; Aqel, 2022).

In accordance with the terms of the Oslo Accords, the Palestinian National Authority (PNA) and Israel both signed the Paris Protocol on Economic Relations in April of 1994. After that, the Palestinian Monetary Authority (PMA) adjusted its setup with the help of Presidential Decree No. 184 in order to alter and enforce banking and monetary policies, maintain monetary stability, and protect the banking sector. This was done in order to safeguard the banking industry. The Palestinian Monetary Authority (PMA) is in charge of the formulation and implementation of monetary policies, as well as the regulation and supervision of banks and actual lending institutions operating in Palestine, as well as the formulation and implementation of environmentally friendly pricing mechanisms (PMA, 2019). The Palestine Monetary Authority (PMA), local banks, banks in outlying areas, institutions that exchange currency, and specialised lending organisations make up Palestine's banking infrastructure. The PMA is working on a project to establish a reliable and trustworthy banking instrument while still preserving the financial status quo. In addition, the

PMA maintains monetary stability by bringing inflation under control and working towards the goal of promoting financial inclusion.

As of April 2018, Palestine is home to eight distant banks, seven community banks, four enterprise banks, and three Islamic banks all of which have their headquarters in Palestine. In addition, Palestine is home to seven community banks, four enterprise banks, and three Islamic banks with their headquarters in Palestine. In addition, there are 292 coin changers, which include both individuals and agencies, as well as six institutions that are dedicated to providing specialised loans (PMA, 2019). The economic situation in Palestine is complicated by a wide variety of upsetting factors, both external and internal. The term "external traumatic conditions" refers to both the career and the proposals that have been imposed over the years. These ideas include restrictions placed on the freedom of movement of both people and goods. Internally stressful conditions include (1) the absence of a nearby foreign exchange, which makes it difficult to formulate monetary insurance; (2) the dependence of the successful multi-national alternate device on economic guidelines located via foreign exchange issuing international places, primarily the United States, Jordan, and Israel; and (3) the willing function of the personal place as a critical stress for growth. All of these conditions make it difficult to formulate monetary insurance. (PMA, 2019).

These irritating characteristics, in especially the lack of community foreign place cash and multi-foreign place cash tools, undermine the region of PMA in its potential to manipulate monetary rules. Moreover, the lack of community foreign place cash is particularly problematic.

2.4: Commercial and Islamic Banks operating in Palestine

Before the establishment of the West Monetary Agency in 1967, there were a total of 11 company banks operating in Palestine (8 of which were a part

of the West Economic Organisation, and the remaining 3 were located in Gaza). Of these banks' 30 branches, 26 were located within the West Economic Organisation, and the remaining 4 were located in Gaza (Mali, 2019). Following the signing of the Oslo Accord in 1993, the Wadi Araba agreement between Jordan and Israel, and the Paris Accord in 1994, the Israeli government gave Jordanian banks permission to restore the branches that had been closed in 1967. They also granted the Palestinians permission to establish the Palestine Monetary Authority in 1995, which was tasked with evaluating banks and distributing licences to newly established financial institutions (Abbadi, 1997). National banks are divided into lessons close by enterprise employer banks, which include four financial corporations: the Financial Organization of Palestine, the Palestine Investment Financial Agency, the Alquds Monetary Agency, and the National Monetary Organization. The next category embodies three close-by Islamic banks: the Arab Islamic Economic Corporation, the Palestine Islamic Economic Company, and the Safa Financial Business Enterprise. On a perfect hand, distant places enterprise monetary organizations encompass Cairo Amman financial organization, Arab economic employer, Jordan Kuwait economic business enterprise, Jordan Ahli monetary employer, a financial corporation of Jordan, Egyptian Arab land economic group, The Housing financial business enterprise for change and finance, and Jordan Commercial economic business enterprise.

**Table 2.1 Banks Operate in Palestine Broken Down
Into National and Foreign Banks**

<i>Bank Type</i>	<i>Bank Name</i>	<i>Number of Branches</i>	<i>Established Year</i>
	Bank of Palestine P.L.C	73	1960

National Commercial Banks	Palestine Investment Bank	20	1995
	Al Quds Bank	39	1995
	The National Bank	28	2006
National Islamic Banks	Palestine Islamic Bank	45	1997
	Arab Islamic Bank	25	1996
	Safa Bank	9	2016
Foreign Commercial Banks	Cairo Amman Bank	22	1986
	Arab Bank	32	1994
	Bank of Jordan	38	1994
	Egyptian Arab Land Bank	7	1994
	Jordan Ahli Bank	10	1995
	Housing Bank for Trade & Finance	15	1995
	Jordan Commercial Banks	7	1994

Source: PMA (2019).

History of Banks work in Palestine:

Foreign bank

1. Cairo-Amman bank

Since its founding as a public shareholding company on June 11, 1960, Cairo Amman Bank has repeatedly revolutionised the financial environment in Jordan. The bank does this by effectively utilising its stable capital basis and extensive knowledge to provide an extensive array of cutting-edge banking solutions. The pioneering services provided by the economic agency have given a modern twist to unending immoderate

profile jobs in Palestine. These obligations allow for the growth of the community financial system and the fulfilment of its customers' spark-off economic desires. These services include personal loans through profit transfers, financing small and medium enterprises, investment services, credit score rating, gambling playing cards, and wire transfers; Cairo Amman Bank, which boasts an exact and covered network of branches in Palestine, provides an extensive range of current banking services to a customer base that is continually expanding. Additionally, the financial business organisation offers a variety of online banking services that can be accessed from any location through its website, which is located at www.cab.ps. These forward-thinking services are representative of the new organisational character of the financial company, which prioritises transparency, communication, and modernity in its operations. The objective of the insurance division of the monetary group's financial firm is to streamline the banking process and make it more available to customers, so releasing them from the constraints of traditional procedures. The Cairo Amman Bank makes every effort to expand its operations to all areas of Palestine. In order to fulfil Cairo Amman Bank's commitment to providing ease of access to its customer base, the financial institution has placed a comprehensive network of automated teller machines (ATMs) in numerous strategically important locations around Palestine. Cairo Amman Bank takes great pride in being the first economic and commercial enterprise company in the world to pioneer the use of iris recognition print as a medium for identity verification. This has provided the bank's customers with the benefit of foregoing ATM gambling playing cards and PIN codes, as the tool identifies customers' ID and receives the right of entry to their money owed automatically at the financial organization's teller counters or ATMs. In the modern day, the use of this identity verification technique has allowed the company's customers to benefit from more convenient and

secure banking options. Monetary enterprise corporation actively contributes to the significant monetary machine of the United States with the useful resource of making banking services available to society participants, thereby improving the necessities of the Palestinian individual (Cab, 2023). With an extraordinary banking workforce, investment and financial experts, the corporation actively contributes to the significant monetary machine of the United States. Since its founding as a public shareholding company on June 11, 1960, Cairo Amman Bank has repeatedly revolutionised the financial environment in Jordan. The bank does this by effectively utilising its stable capital basis and extensive knowledge to provide an extensive array of cutting-edge banking solutions. The pioneering services provided by the economic agency have given a modern twist to unending immoderate profile jobs in Palestine. These obligations allow for the growth of the community financial system and the fulfilment of its customers' spark-off economic desires. These services include personal loans through profit transfers, financing small and medium enterprises, investment services, credit score rating, gambling playing cards, and wire transfers; Cairo Amman Bank, which boasts an exact and covered network of branches in Palestine, provides an extensive range of current banking services to a customer base that is continually expanding. Additionally, the financial business organisation offers a variety of online banking services that can be accessed from any location through its website, which is located at www.cab.ps. These forward-thinking services are representative of the new organisational character of the financial company, which prioritises transparency, communication, and modernity in its operations. The objective of the insurance division of the monetary group's financial firm is to streamline the banking process and make it more available to customers, so releasing them from the constraints of traditional procedures. The Cairo Amman Bank makes every effort to

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2. Arab bank

The Steps Taken to Commence the Trip Arab Bank was established in Jerusalem on July 14, 1930, with seven customers and a starting capital of fifteen thousand Palestinian pounds. The bank was officially registered on May 21, 1930, and commenced business the same year in Jerusalem. The company's creator, Abdul Hameed Shoman, eventually became the first chairman of the board of the financial employer. Since the company's inception, the legacy that the economic employer has left behind is that it has always been a proactive and necessary partner in the socio-economic

growth of the region. Beginning on with confidence and a strong backbone In 1948, with the withdrawal of the British Mandate Authority from Palestine, the monetary employer closed its operations in the cities of Jafa and Haifa. When clients who had been forced to leave the country and migrate to the United States petitioned Arab Bank for their savings, the bank actually redeemed all of their claims. This decision earned the Arab Bank a fantastic reputation and has emerged as a historic turning point in the course of its expansion: it cultivated strong self-control on the part of the financial institution in the direction of its consumers. It instilled a deep sense of brand loyalty among customers, which continues unabated to this day. The out-of-place branches have been re-established: the Haifa branch has been transferred to Beirut, located through Amman; the Jaffa branch has been established in Nablus; and afterwards, in Ramallah. When the financial institution's branch in Jerusalem became involved in the civil unrest, the employees were relocated to other offices within the ancient city of Jerusalem. These offices are located in the old city. The bank's headquarters were relocated to Amman, Jordan, in 1948, the same year that it was formally recognised as a public shareholding organisation. The catalyst for Arab Economies, the few years that followed were considered to be a period of rapid expansion; at some unspecified time in the future within the Forties and 1950s, the Bank improved its network of branches within the Arab International, with forty-three branches extending to some degree within the place and a growing capital that has grown to collect JOD 5.5 million. In the years that followed, the Arab Economies were considered to have been a period of rapid expansion. The Steps Taken to Commence the Trip Arab Bank was established in Jerusalem on July 14, 1930, with seven customers and a starting capital of fifteen thousand Palestinian pounds. The bank was officially registered on May 21, 1930, and commenced business the same year in Jerusalem. The company's

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Arab Bank served as a stimulant for Arab financial tendencies for a period of time with large investments in a wide range of emerging sectors and public duties stretching from Casablanca to Baghdad. This was accomplished at a time when no one else was ready to take the risk. In Jordan, the financial enterprise's loans for brand new cement, fabric, and food processing plant life are larger than the growth rate in the United States, which places Jordan in second place in the Middle East after oil-rich Kuwait. In addition to providing loans to businesses, the Bank also provided financial help to a large number of university students from Arab countries so that they may attend colleges in Western countries. This proved to be an extremely beneficial investment.

Nationalisation The decade of the 1960s saw the beginning of a wave of nationalisation that swept across the Arab world in a manner that was comparable to that which occurred in the United States shortly after our freedom from British and French colonial authority. Egypt and Syria were the first two countries where branches were nationalised in 1961, followed by Iraq in 1964, Aden in 1969, and finally Sudan and Libya in 1970. Over the course of ten years, Arab Bank established a total of 25 new branches. As a result of Israel's occupation of the West Bank and Gaza Strip in 1967, a greater number of branches were shuttered. The expansion of the financial company was unaffected by the challenges that it faced. In 1961, the Bank became the first Arab monetary agency to establish a presence in Switzerland by opening its first overseas office. Switzerland was chosen as the location because of its central location in the world. In 1962, Arab Bank Switzerland was founded in Zurich as a sister company industrial organisation. In 1964, specific departments of Arab Bank Switzerland moved to Geneva. Arab Bank never in any way defaulted on a single price to any of its clients or partners, honouring all of its commitments regardless of the political or rate environment even when times were difficult.

Constant and Steady Growth During the 1970s, attention was concentrated on the rapidly expanding oil economy of the Gulf region, while Jordan continued to make steady progress in its newly established home base during this same decade. In 1974, Abdul Majeed Shoman was appointed Chairman and General Manager of Arab Bank with the intention of expanding the scope of the financial institution's athletic endeavours and building new locations all over the world. The global economy continued to expand despite the closure of branches in major cities such as Frankfurt, London, Australia, New York, and Singapore, amongst many others. Arab Bank relocated its headquarters to the Palestinian territories after the signing of the Palestinian-Israeli Oslo Peace Accords, with the intention of establishing a branch network in a number of Palestinian cities. In tandem with its expansion into new territories, Arab Bank broadened the range of its goods and services to include additional business domains. The financial institution had previously placed a primary emphasis on extrude and small-scale manufacturing funding; however, in recent years, it has shifted its focus to massive-scale mission finance, both in the present and in the past through participating in syndicated loans. By the time the 1990s rolled around, Arab Bank had expanded its set-up offerings to include investment banking. Despite the fact that Abdul Majeed Shoman passed away on July 5, 2005, his son Abdel Hamid Shoman was modified and elected Chairman after the passing of his father. In 2005, the Arab Bank resumed its operations in Syria and made significant preparations for when it would begin those same operations in Iraq, provided that the situation there are favourable. Arab Bank was rebranded as Europe Arab Bank (EAB), a wholly owned subsidiary with its headquarters in London, in the year 2006. Additionally, the economic firm purchased fifty percent of Turkland Bank in Turkey and fifty percent of Al Nisr Al Arabi Insurance Enterprise in

Jordan. As a result, the company expanded its product offerings to include bancassurance.

With over 600 locations spread across five continents, the Arab Bank Group is widely regarded as one of the most significant international Arab banking networks in operation today. On August 13, 2008, a portion of Arab Bank got the licence to install and operate a wholly owned subsidiary in Khartoum, Sudan, under the name "Arab Sudanese Bank." This bank is rumoured to offer a wide variety of financial goods and services that are compliant with Islamic Sharia, which can be translated as "Islamic banking." The paid-up capital of the monetary organisation is \$50 million in US dollars. Arab Bank was the first financial institution based in Jordan to publish a GRI-checked sustainability report covering its sports activities in 2011. This accomplishment was accomplished in 2011. Following Abdel Hamid Shoman's retirement from his position as Chairman of the Board in August 2012, the Board of Directors of Arab Bank elected Sabih Masri as the next Chairman of the Board (Arab bank, 2023).

3. Bank of Jordan

The Bank of Jordan is a national financial banking institution that has a long and illustrious history operating within the United States of America. It was one of the first banks to be established in Jordan in 1960, and the building that it is currently located in was chosen specifically for it. All of the economic and banking actions and procedures that have been carried out by the agency have, from the very beginning, made use of the sustainable development and improvement approaches that they had developed. It has kept up with the rapidly accelerating trends that have been observed in the banking industry, both nationally and internationally. The financial organisation has additionally contributed to enhancing the investment environment and promoting monetary development in Jordan and the global places where it operates. It does this through its

comprehensive banking products and services that fulfil the goals and requirements of customers in the direction of all categories, including individuals, business enterprise organisation customers, and institutions. In addition to this, it has been an active participant in successful U.S.-wide development duties as well as private region obligations.

With a total capitalization of JD 200 million, the Bank of Jordan is widely regarded as a premier monetary institution in the modern world. It operates several distribution channels, including as branches, offices, and automated teller machines (ATMs), which are located throughout Jordan and Palestine. Additionally, it operates numerous digital and virtual distribution channels, which include an interactive voice response system (IVR), internet banking, mobile banking (BOJ Mobile), SMS services, and a contact centre. Excel Financial Investments Company and Jordan Leasing Company are both part of the Bank of Jordan Group, which also includes the Jordan and Palestine branches of Bank of Jordan, as well as the Iraq and Syria branches of Bank of Jordan, as well as the Jordan and Palestine branches of Bank of Jordan. The accomplishments of Bank of Jordan, both past and present, are the preventative surrender-stop result of the bank's sound manipulation approach, comprehensive strategic methodologies, and protracted-term mindset, which aims to assume the future in all of its dimensions and keep up with the rapid changes occurring within the banking industry. As a direct result of this, the financial services provider has completed a few key development obligations, upgraded its data and infrastructure, and enhanced its services in order to maximise its innovative and competitive capabilities. In order to accomplish this, it has centred its efforts on providing excellent services and very good opportunities to customers, as well as on making investments in the financial enterprise's assets and capabilities, with the goal of achieving enormous growth in the coming year. In addition, Bank of Jordan has successfully closed and led a

number of syndicated loans and signed a number of agreements with national and international occasions in order to better align its goods and services with the needs of its existing customers and to attract new customers. The long-term goals of the strategy plan for the economic institution include strengthening alliances and partnerships across a variety of industries while also ensuring that high-quality services are maintained. In order to avoid this, the financial company is helping the qualification and advancement of its human property and its talents by using the most cutting-edge technologies as a beneficial resource. In addition to this, it is committed to increasing and bolstering all efforts that serve the people of the region through a variety of care and assistance responsibilities centred on a wide range of monetary, charitable, medical, and social sports activities (Bank of Jordan, 2023).

4. Al-ahli Bank

Al-ahli Bank opened its first branch in Palestine in Nablus in 1957. Due to the political times within the area then, the branch was closed until 1995 to reopen the Nablus branch in a present-day look, and the Al-Shallaleh Office in Hebron was discovered with the aid of the Ramallah branch in 1996. Ahli Financial Institution persisted in developing within the West Bank with its beginning branches in Bethlehem and Hebron. The past five years have been critical for the data of the Monetary Organization in Palestine as the currency group's operational and financial performance, symptoms, and signs, have grown and expanded its market share in the Palestinian market. And the shape of its branches was changed from 4 to 9 as five branches were opened in new cities as well as each of the branches in Beit Sahure, Jenin, Tulkarem, Al Masyun, and Beituniya. Slight of the clever vision of the monetary group's General Management, and withinside the control's endeavors to artwork regular with deliberate steps aimed withinside the route of advancing the financial organization in Palestine, the banks' team

in Palestine, led via its Regional Management, seeks to be a pioneer withinside the state of affairs of virtual services, consequently enhancing its presence and identity withinside the Palestinian banking region, thru helping its self-control to effective pointers and procedures, based absolutely in fact on the pleasant opinions and abilities to create a valid artwork environment, a distinctively licensed machine cadre, and control of the internal environment, to meet the well-known development and expansion method, proceeding to advantage the Board of Directors' strategic goals(Ahli, 2023).

5. Commercial and monetary banks

Residential Bank He founded it in 1973 as a joint-stock enterprise with a capital of 500,000 JD. An economic organization's best interest is imparting actual property loans so that you have options([https://hbtf.com/in/about-the-housing-financial institution](https://hbtf.com/in/about-the-housing-financial-institution)). After 24 years of enterprise activity, the monetary organization has modified its scope and converted into a full-fledged monetary organization, presenting complete banking offerings to employers. The Monetary Organization's capital has been elevated numerous times, and now it stands at JD 315 million (equal to US \$444 million). The control of a monetary organization is constantly aimed toward strengthening its capital base on a 365-day basis. As of the submitting date of 2021, the overall capital had reached JD 1.2 billion (US\$1.7 billion). Innovative and forward-questioning Trade Finance and Housing Bank (HBTF) is a famed client-targeted organization devoted to handing over innovation. We offer our individual and company customers the best banking offerings that meet their wishes and exceed their expectations. In line with ultra-modern international financial and banking markets. Median rankings are patron satisfaction, organization happiness, and rewards for suitable ordinary overall performance and teamwork;

however, the HBTF isn't any longer an exception, brought the Savings Account Rewards Tool (1977). I constitute Jordan.

HBTF advanced it into a youth-targeted enterprise in 1993 and has grown it into a first-rate organization in Jordan and the Arab world. HBTF became a main commercial enterprise institution in Jordan and the Arab world in 2014, launching cellular banking (banking on buses) offerings (HBTF, 2023).

6. Arab land Bank of Egypt

Since its status quo, the Arab Bank of Egypt has sought to reinforce Egypt's monetary device. This financial organization will offer credit scores to landowners to boost the productiveness of their farmlands, enhance the Egyptian economy, and use to-be-had assets to enhance language trade with all human beings. The intention is to enhance agriculture in Egypt. Beautify the emergence and upward thrust of nations. The monetary offerings provider has experienced excellent growth, becoming a main financial institution diagnosed as one of the most advanced enterprise banks, identified in all of the international hubs of the banking enterprise and the world of Arab international fame. The Arab Bank of Egypt opened a department in Palestine as a part of our dream to serve the Arab people in reaction to the turmoil within the United States within the first half of the twentieth century. At the third assembly of March 1946, the League of Arab Nations introduced its purpose to set up an Arab Land and Currency Group beneath the management of the Arab Land Association, according to the Royal Decree of Egypt. The decree provided for the status quo of a consolidated enterprise primarily based in Cairo, with the Palestinian Association in charge of coping with Palestinians and rehabilitating the land. This brought about his registration. However, the state of affairs within the Palestinian Territory in 1948 prevented the company from carrying out transportation activities. However, in 1951, it was registered

once more with the Jordanian authorities, and it was determined that all of the East and West foreign money businesses were formed.

In 1999, the Egyptian Cabinet determined to hand over the mandate of the financial employer to the "Arab Bank of Egypt" to mirror the far-sighted feature of the economic community and to take part in the steering and improving the Arab economic machine.

The Bank of Egypt strives to be a practical model of the middleman of all banking to society, residing stress in all economic and social improvement regions. This monetary institution presents banking offerings in Palestine and Jordan as a company and for-income entity, imparting complete banking offerings to all authorities, entities, and individuals. This monetary business enterprise has some workplaces in Ramallah, Jericho, and Baitla in Egypt, Jordan, and Palestine. But Hebron has no branches. In addition, many correspondents seem to be on diverse levels across the globe. Despite the modifications in inner and outside qualifications that running organizations have experienced within their enterprise operations and normal overall performance, enterprise offerings agencies have maintained the shape of the Arabian financial gadget with its particular competence and reliability. We try to offer our clients financial institutions' offers. (Egypt Arab land Bank, 2023).

National organizations banks

1. Bank of Palestine

The Bank of Palestine (BOP) is a financial institution that was established in 1960 with the goals of increasing the amount of banking services available in Palestine, providing funding for a variety of duties, and catering to the financial and banking needs of a wide range of different social and economic groups. The Bank of Palestine (BoP) is widely regarded as one of the most important financial institutions in Palestine due to its comprehensive network of branches, places of business, and

automated teller machines. Over 850,000 consumers are currently being served by the Bank of Palestine thanks to its licenced frame of personnel. Each individual and business makes a contribution to the processes of development and advancement while also keeping up to date with advancements in the era (Bank of Palestine, 2023).

2. Quds Bank

Since its foundation in Ramallah in 1995, Quds Bank has been a dependable partner for the people and businesses of Palestine, assisting them with their economic success and personal well-being by providing banking services that are both knowledgeable and trustworthy over the course of many years. Quds Bank has reimagined what it means to be a bank by basing its operations on four fundamental principles: relationship-building, simplicity, effectiveness, and convenience. Quds Bank today has a portfolio that offers a large form of retail and employer banking solutions. These solutions include, but are not limited to, non-public account services, home and automobile financing, SME financing, business agency loans, and project assistance. The bank's primary goal is to provide products that are simple to understand and to foster long-term relationships with its customers. The financial institution conducts its primary business operations from its headquarters in Ramallah, Al Masyoun, and plans to open a further 39 fully-fledged branches and workplaces in Palestine at some point in the future (Quds bank, 2023).

3. Palestine Investment bank

The Palestinian Investment Bank (PIB) was established with the assistance of a hard-working and swift group of elite Arab and Palestinian bankers. These bankers were able to be recognised for their excellent banking abilities, and they profited from their exposure to worldwide banking. In accordance with the Company's Law of 1929, the Palestine Investment Bank P.L.C. was established in Palestine on August 10, 1994 as a public

shareholding organisation with a starting capital of 20 million United States greenbacks. The law governing companies in Palestine was enacted in 1929.

In March of 1995, PIB opened its doors for business, and it currently conducts its day-to-day activities out of its headquarters location in Al-Bireh as well as its nineteen additional branches and offices located around Palestine. PIB's starting capital has been steadily increasing throughout the course of the past few years. In terms of splendid money, it has reached seventy-five million United States dollars, and in terms of criminal capital, it has reached one hundred million United States dollars.

PIB intends to establish a pioneering financial banking organisation in Palestine through the provision of high-quality monetary and banking services to a customer base, the employment of alternatively licenced and successful bodies of staff who carry out their work in an environment that is conducive to their work, supported with cutting-edge technology, and the provision of carefully selected banking services, adhering to the highest professional and ethical requirements, for the benefit of the Palestinian people. PIB will accomplish this goal by exerting all of its efforts to diligence. The Palestinian Investment Bank is totally dedicated to taking part in the expansion, as well as creating and expanding the Palestinian monetary system. Our core values are founded not only on honesty, but also on truthfulness and honesty to oneself and to others; a never-ending pursuit of excellence and the fulfilment of guarantees we made; adherence to the requirements of institutional governance in all of our activities; facing the mission of discovering an exquisite method that is ideal for our customers; and being consistently and everywhere determinedly dedicated to social responsibilities. These core values guide everything we do. Our future plans Key goals include growth and development in addition to quality the goals and dreams of our clients in renowned competence and

effectiveness; developing their price range with maximum care and responsibility; following up on growing and developing new products for the Palestinian banking market; enhancing our economic characteristic with the resource of controlling chance elements; developing human assets and effectively introducing modern-day technology for the continuation of the business; and so on.

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4. The National Bank

The National Bank is the second-largest Palestinian financial enterprise in terms of capital, and it is one of the largest relying groups in the United States to provide comprehensive financial services for the enterprise company, retail, investment, and microfinance sectors. The National Bank is listed on the Palestine Securities Exchange under the ticker symbol "TNB," and its shares are traded under that symbol. Here at the National Bank, we live by the motto "Confidently Forward." Because of our in-depth knowledge of the business, we are able to provide stability and great global practises, which makes Palestine's cutting-edge banking an option for customers looking for dependable and aesthetically pleasing financial

services all over the world. Within the Palestinian financial zone, the National Bank has the most wide and diverse key shareholder base due to the fact that it has over 8,000 stockholders. Because of this, it is able to entice the most reputable and successful organisations and businesspeople to serve on its board. The National Bank of Palestine, which has an authorised capital of one hundred million dollars, has successfully completed a number of merger and acquisition deals within the Palestinian banking sector. In a historic deal that took place in 2015, the National Bank of Palestine purchased the Palestinian branches of Bank al-Etihad. As a result of this transaction, the National Bank became the leading Palestinian financial institution on the report to acquire a Jordanian economic agency. The National Bank was the leader of a consortium that completed the most significant transaction in the history of the Palestine Stock Exchange in 2018. This transaction involved the acquisition of a significant share in Palestine Islamic Bank (PIB). Recent events saw the National Bank acquire the activities of the Jordan Commercial Bank (JCB) in Palestine. This brought the total paid-up capital of the National Bank to \$90 million. The National Bank is the first Palestinian financial institution to open a branch in inner Jerusalem after Palestinian banking operations had been banned from the city for more than half a century. The bank has 36 branches and offices throughout the West Bank and Jerusalem, and it is a leader in the development of cutting-edge digital banking services, such as e-banking, mobile banking, the digital service centre, and a strategically placed network of ATMs. The National Bank will become the first Palestinian monetary organisation to establish an onboarding digital provider in 2021, making it possible to communicate with Palestinians living in rural regions and contributing to the strengthening of monetary inclusion in Palestine (TNB, 2023). This will take place in the year 2021.

5. Palestine Islamic Bank

Palestine Islamic Bank was protected in Gaza City on December 16, 1995, in accordance with the Companies Law of 1929, and functioned to be registered under registration.

The financial organization began its operations in early 1997. The economic company is licensed to provide banking, financing, looking for and promoting, and making funding consistent with the directives of the Islamic Shari'a Rules via its headquarters in Ramallah and its twenty-four branches and twenty workplaces that are probably spread out via Palestine.

During the past three hundred and sixty-five days, the Islamic Company's ownership of Palestine Islamic Bank shares has been reduced to 24.85%, and as a consequence, the Islamic Company has no capability to manipulate Palestine.

The Bank's operations are supervised by the Shari'a Supervisory Board (the board), which includes three people appointed with the useful resource of the Bank's General Assembly. The board's feature is observing the financial employer's sports activities and transactions to ensure the organization complies with Islamic Shari'a pointers and necessities.

The bank consists of banking, financial, company, and investment sports activities, according to Islamic Shari'a rules. The economic corporation's criminal percent capital is \$100,000,000 at U.S. par charge each. During 2020, its paid-in percent capital increased to 80,000,000; in 2021, the economic company's paid-in percent capital will probably be elevated to 85,000,000 U.S. through stock dividends. The normal amount of the financial organization's frame of people is (658) and (668) as of December 31, 2020, and December 31, 2021(Islamic bank, 2023).

6. Arab Islamic bank

Founded in 1995 in al-Bireh, the Arab Islamic Bank (AIB) now has more than 500 employees and is, in truth, considered one of the most critical economic institutions within the Palestinian Territories. Its 18 West Bank and Gaza Strip branches serve enterprises and private clients. The financial transactions are completed in line with Islamic tradition, which includes playing a social role. For example, a percent of the business enterprise's profits are spent on charitable projects, which include assisting schools or hospitals. The organization's employer utilizes a virtual document management system (DMS) for the inexperienced archiving of all receipts. Before introducing a DMS, each branch had a private paper archive. Consequently, the customer service employees at the counter have grown to be frequently ignorant of which purchaser documents had already been obtained and which ones had been requested as new ones. For example, at the same time, as someone has grown to be eligible for a loan, a payroll has ended up being favored, along with collateral statistics like personal data. Some of these have already been stored in a few specific branches. Thus, the client often requests several times for the same information or documents that want to be requested externally. Considering that AIB does masses of transactions every day, this continuously brings about some delay. Another mission arrived at the same time as approving documents sooner or later for departments. Contracts and packages are reviewed with the aid of numerous departments. The shifting spherical of paper documents, mainly amongst a branch and their headquarters, has grown to be an extended manner from inexperience (AIB, 2023).

7. Safa Bank

Safa Bank started on its journey after being set up as a public shareholding employer in 2016 with the resources of a fixed number of corporations, huge businesses, and one-of-a-kind foremost crooks and natural persons.

The Bank initiated its operations within the Palestinian market on September 22, 2016, as a banking organization that offers services that follow the suggestions of the holy Islamic Sharia, the financial company's capital is seventy-five million US dollars. The primary goal of Safa Bank is to fulfil the needs of the Palestinian market with the help of its Islamic banking services and products, which do not permit investments in any form or fashion. Additionally, the financial organisation offers services in the areas of financing and investment. It creates innovative strategies for attracting fee levels and financial savings to contribute to effective investment using banking procedures and gadgets that do not contradict the tenets of Islamic Sharia. These strategies are not in conflict with the principles of Islamic Sharia. The Sharia Supervisory Committee ensures that every service and product offered by the financial institution complies with the recommendations outlined in the Islamic Sharia (Safa bank, 2023). All of the business operations of the financial institution are carried out under the watchful eye of the Sharia Supervisory Committee.

Chapter 3: Literature review and development of hypothesis

3.1: Introduction

3.2: Theoretical Foundation

3.3: Balanced scorecard, organizational performance, and the effect of profitability

3.4: Balanced scorecard and implementation tools

3.5: Empirical literature review

3.1 Introduction

The reason for this financial ruin is to investigate and provide the previous literature in the region on BSC and its software program as a strategic tool and equipment to develop profitability for the agencies with measurements of style and average overall performance. First, we will assess the theories that described the group's use of BSC as a strategic and dimensioned device of profitability and relate that to how they may relate their usual overall performance to describing profitability with the usage of balanced scorecard concepts. A balanced scorecard is an important tool used to determine the strategic course of banks and their standard overall performance. In the modern practise of strategic manipulation, the strategy itself must be tied to the fundamental overall performance needs. The approach to dealing with the method can take on a variety of forms, and the degree to which its implementation is carried out successfully is not reflected in the financial results. It is essential to observe the challenging circumstance from a variety of vantage points, taking into consideration all of the essential goals and the standard overall performance standards. In the early 1990s, these brilliant minds contributed to the creation of a BSC approach that was determined with the assistance of the materials compiled by Robert Kaplan and David Norton. The idea behind this is predicated on the observation that businesses cannot build a sustainable competitive advantage by putting all of their eggs in the material assets basket. Domanovi, Jaki, and Mimovi (2014) state that further efforts are required to accumulate intangible assets and intellectual capital. According to Kaplan and Norton's (1992) research, BSC makes it possible to combine a wide variety of symptoms as well as symptoms that are generated by the approach. It places a primary emphasis on maintaining the financial signs and symptoms of previous sports activities, but it also incorporates the

signs and symptoms of upcoming sports activities. Explicitly putting the method into action by translating it into observable dreams and symptoms completes this task. In this way, the efforts of the company are directed towards carrying out the set goals in order to produce an accurate cost, following a strategy that is distinct from that of the competition.

In the 1990s, Kaplan & Norton supplied four perspectives (financial, customers, internal agency approach, getting to know, and growth). Although, the most benefit of BSC is not measured from a pleasant financial angle, there are also techniques and devices to avoid the financial institution mistakes that arise in enterprises. The balanced scorecard assists banks in developing vision strategies by assessing strengths, weaknesses, chances, and possibilities. Although the steadiness scorecard is often used for benefits, which include speaking properly approximately what the organization wants to accomplish, aligning each day artwork of employees with organizational techniques, prioritizing product, venture, and service diplomas, and to display and diploma the improvement of the employer in the direction of the strategic goals, in order to turn out to be privy to the downfall in the internal function and to decorate the general overall performance, The balanced scorecard is used as a typical overall performance metric. It might be very useful to comment on the employees concerning their standard overall performance and results. The critical step of the steadiness scorecard is the collection of statistics. The realistic information accrued is also interpreted by executives in the agency to provide a guiding precept for choice-making in the future. This factor affords the economic organization an aggressive advantage within the market.

3.2: Theoretical foundation

Robert S. Kaplan and David P. Norton started to speak about BSC in 1990; after that, organizations, governance, and groups in the company makes

have done it in terms of basic overall performance. Then Kaplan and Norton advanced a balance scorecard model to help organizations measure their general overall performance via statistics (both financial and non-financial). The steadiness scorecard aims to align the employer's activities to its vision method, to decorate communication, and to show industrial organizations' ordinary overall performance with the reputation of strategic goals to be performed'.

According to the definition of a balanced scorecard, it consists of relevant financial and non-financial information elements that the inexperienced industrial corporation manipulates, show figure 3.1.

Figure 3.1: Balanced scorecard perspectives



Source: Kaplan and Norton (1992).

On the other side, the definition of a balanced scorecard is creating a display with strategic perspectives, making modern snapshots of employees, and any person running for an employer ought to understand how to make his artwork worthwhile. On the other hand, many problems are going on in massive groups with hard work conditions, making using a balanced scorecard important because traditional measures are not enough. The balanced scorecard reveals equilibrium among financial effects and growth engines, balanced among techniques and strategies. Although balanced scorecard measures overall performance below four dimensions,

which consist of financial, internal corporation technique, studying, growth, and customers. According to Norton (1996), a balanced scorecard is a management tool that enables a company to put its strategies and creative ideas into action. It does this by translating the vision, questions, and technique appropriate of an organisation into a large set of shared overall performance symptoms. These symptoms serve as the foundation of a strategic length and manipulation tool. The BSC is well-balanced as a result of the fact that it contains both economic and non-economic elements in equal measure. This approach encourages organisational improvement within the context of pre-established goals by employing thoughtfully selected metrics to track the organization's progress towards those goals. By aligning particular activities of an industrial organisation, a BSC is able to facilitate manipulation. utilising the strategy outlined in the organization's vision. According to Chaudron (2003), the BSC is a tool for measuring the achievement of an organisational or business employer unit and/or department. This is done in order to achieve a balance between long-term and short-term goals and the various symptoms and signs of improvement. These symptoms and signs include improvements in economic, customer, and internal operations, as well as improvements in human beneficial aid systems and development (educational and increase). In addition, in accordance with Bourne (2002), the success of the scorecard will be judged by the manner in which the measurements will be defined, carried out, and acted upon. Employees in famous cultures do not understand the firm employer's goal nor do they understand acceptable items; furthermore, they do not understand their position in attaining the intention, and as a consequence, they honestly perform what is asked of them in want for what is necessary. Moreover, because there is a lack of harmony between employees and the agency's objectives and ambitions, employees try to carry out organisational desires discreetly. This is due of

the absence of harmony. This occurs as a direct result of actual reward systems that place more of an emphasis on the individual or the sub-unit's sense of fulfilment than on the achievement of organisational goals. According to Frigo and Krumwiede (2000), the BSC is able to contribute to the alleviation of this scenario since it encourages companies to become connected in a number of productive sporting activities that describe the principle of the robustness of the BSC. It is now well-established in the management literature that academics and practitioners are interested in common overall performance assessment systems as a tool for achieving strategic goals. This interest has become well-established in the management literature. In 1990, Robert Kaplan and Davis Norton participated in an almost year-long observer study with 12 gift-day universal overall performance assessment companies. In conclusion, conventional methods of measuring overall performance are founded on the manipulation of issues and the incorporation of monetary biases. In addition to this, they were no longer aware of the critical difficulty of connecting operational general overall performance to the enterprise's strategic dreams and interacting with those dreams and the results of normal overall performance at the lowest degree of the organisation. They also came to the conclusion that a single statistic does not need to point to an obvious overall performance purpose or highlight all of the essential areas of a commercial enterprise organisation. They offered the idea of a balanced scorecard as a more transparent method for addressing the issues that needed to be addressed. In today's sustainable and competitive world, organisations are facing off against one another in an increasingly intense struggle for achievement and survival. Due to the fact that this is the case, they wish to employ mechanisms for increasing their size and gaining control that are closely tied to their capabilities and tactics. A balanced scorecard can help businesses close the gap between the strategic goals

they establish at the top of the organisation and the overall performance of their operations as a whole. The transformation of an organization's vision method into wishes and measurements, the development of a framework for communicating this vision method to all employees, and the movement of people's talents, knowledge, and data at some point in the agency are all steps that can be taken to accomplish long-term objectives. In order for BSC to successfully perform this translation, it first develops a set of metrics that offer managers a concise yet comprehensive overview of the corporate organisation. On the alternative hand, the balanced scorecard has an immoderate problem in that if a supervisor implements a challenging and rapidly set of metrics that are in reality and without a doubt regularly in precise especially based definitely in actuality on it, the supervisor may additionally moreover no longer be successful of responding to one of the most essential questions of all, which is what is our competition doing (from the perspective of the competition). Despite this, the researcher used the four different views of the balanced scorecard in order to get a better understanding of the balanced scorecard methodologies.

1. The Financial prespective:

Within a balanced scorecard, Financial measures play a vital role. The Financial perspective indicates long-term goals for an organization that can help you provide charges for its shareholders towards improving profitability and one-of-a-kind economic dreams. Financial measures traditionally make up the majority of basic overall performance, as they do not forget the perception of shareholders in regard to the financial fulfillment of an organization. Moreover, they are trying to understand if the employer's technique and implementation contribute to the improvement of usual overall performance. Kaplan and Norton (1996) diagnosed three degrees that determine an employer's techniqu: speedy growth, guidance, and economic outcomes.

- 1) At the fast-increase tiers, agencies are in the inception levels and require extra investments to make and decorate their products and services, make their infrastructure for production bigger, and increase their relationships with customers.
- 2) Businesses within the help levels assume maintaining their market proportion, gaining a better return, and keeping the expansion in their capacities.
- 3) The financial goals of the company in the degrees are to pass lower back on capital; hold of market percent, which differs from the rapid increase segment and specializes in the improved earnings in the new markets; and development of the own cutting-edge circle of relatives, individuals, and gift ones (Kaplan and Norton, 1996).

On the other hand, the harvest phase is the time to focus on maximising the financial inflows that result from successful investments, and here is when financial fantasies come into play. It is unquestionably well worth saying that the just monetary measures aren't ample to persuade the general overall performance and charge generation due to the fact, in reality, they may be basically founded wholly on non-financial measures with strong effects at the stop lines. This is anything that is unquestionably well worth discussing. The key symptoms of the overall average performance of the financial market are growth, income margin, return on investments, financial cost, and market percent cost, although these factors do not limit the total performance. Those who are in favour of the balanced scorecard argue that the four different points of view are interconnected through the concept of a cause-and-effect relationship.

According to Kaplan & Norton (1992), the three valuable financial problems that could pressure the company's technique are:

1. Revenue Growth: Income growth is obtainable with every motion or hobby that would develop the income base of an agency

(Koutsoyiannis, 1979). This problem focuses on reinforcing the form of the state-of-the-art products, making more new purchasers, and uploading a profitable product (or provider) mix.

2. Cost Reduction: This challenge makes a specialty of methods to reduce product or service costs in step with the unit and reduce the promotion or well-known control rate.
3. Asset Utilization: This subject measures financial average overall performance, consisting of return on investment and monetary rate.

Therefore, a crucial appraisal of the economic perspective revealed that the focal point is minimizing prices and maximizing income inflow. All steps and sports activities geared toward this path are therefore geared toward keeping charges constant or lowering them simultaneously as improving the inflow of profits.

Attitudes to be actualized, which are:

1. Increasing Employees' Capabilities, The recognition is to make sure that every employee can offer a provider that could vicinity the business enterprise in an excellent, incredible function. The strategic diploma that can be taken to gain this encompasses; regular education of a frame of employees to understand techniques of doing business similar to adopting new strategies; and making a set of employees attend internal and external workshops and seminars on new trends concerning the method and industry.
2. Increase motivation, empowerment, and alignment: Right here, The proper focus is to take manor woman goals into interest even as formulating organizational desires to align them. Strategic measures that can be taken include: teaching the contemporary-day staff to accumulate new data approximately the pastime in the area of updating them with a brand new workforce; attractive humans with

tips on techniques to beautify gift products or procedures; or developing greater contemporary-day and better ones. However, examples of this attitude include the amount of revenue generated from new heads and actions and the time spent training the workforce (Yilmaz & Nuri, 2018). Although the bank can use some measures of financial perspectives like controls, including those that plans and budget, revenue, liquidity ratio, growth in sales, and profitability of stakeholders.

2. Customer perspective:

This approach considers a company's ability to provide consistent, high-quality products and offerings to its customers, its effectiveness, and customers' concerns about extending ongoing support. Customer awareness is right there, and there is a way to give them a price. This is because, as trust in the company is lost, so is its ability to attract and retain customers. Therefore, no business can be successful without a solid customer base. By measuring from the customer's point of view, agencies want to offer solutions to the most pressing problems. Which customers are we targeting? What is the price offered for the service? How to introduce the customer in order to get a vision? A customer-oriented agency usually responds to the wishes and needs of the buyer. If a company wants to achieve its economic goal, it has to recognize what it wants to present to the consumer. Based on the customer's attitude, the employer can set goals that consist of increasing customer support and pride, increasing market share, and increasing logo awareness. Although the middle goals of this attitude are:

1. Increasing the Market Share: The subject targets all sports that an enterprise can hire to enhance its percentage in the marketplace. This can be done through advertising, income, promotions, or low-cost merchandise and offerings.

2. Increase customer loyalty. The purpose of this thread is to ensure that old customers continue to support the company. Strategic actions that can be taken include strengthening relationships between consumers and organizations, responding to customer litigation and proposals, and providing customer after-sales services.

3. Increase in the number of acquired customers. The aim here is to increase the total revenue from new customers. Although the indicators from the customer's point of view are customer remarks, providing up dates, brand wareness, customer retention, and repeated sales.

3. Internal business process

Now that the enterprise rationale is in place and the employer is privy to the customer's dreams, the techniques want to be well-installed to attain the monetary goals set. Here, the business enterprise wishes to recognize its in-residence operational dreams. The employer must determine what actions are needed to enhance its overall performance. In internal Engineering, the intention may be to pursue an inventive progressive approach, excessive optimization, and advanced capital utilization. Although Kaplan and Norton (1992) are regularly categorized as mission-oriented and support-oriented, they additionally recognized three device charge chains within which the internal bargaining process may be implemented to fulfill shareholders and customers.

1. The Innovation Process: Managers study purchaser dreams and then increase merchandise or services that meet those wishes.

2. Flow of Operation: This technique is a speedy wave of velocity increase. His challenge is the manufacturing and shipping present-day services and products to customers.

3. The after-income provider manner represents the last detail within the device rate.chain in manufacturing. Particular attention is paid to how the company responds to the client after delivering the goods or offerings.

After-sale offerings encompass warranted and restored activities, the remedy of defects and returns, manipulation of patron payments, and determination of customer issues or complaints. The fulfillment of a corporation will depend on its strengths, weaknesses, possibilities, and threats, as well as its capacity to strategize at any given time. The present-day literature fails to incorporate SWOT.

Evaluation as a way of developing inner commercial enterprise strategies that would contribute to each company's achievement. Internal business process problems are dealt with admiration for the banks' price-to-profit ratio, portfolio at risk, and average overall performance in mortgage processing. On the other hand, Kaplan and Norton (1996) indicated that inner company strategies are crucial and assist the strategic devices of an enterprise corporation by providing customers with proposals, uploading charges, and satisfying shareholders' goals in return. Therefore, inner enterprise strategies should have the identity of vital strategies wherein an enterprise has to thrive that permit you to upload costs for customers, offer aggressive advantages, and collect your dreams. This may also have short- and long-term purposes, and the organization might also create revolutionary techniques to generate development in ordinary overall performance. The inner commercial enterprise approach of the balanced scorecard makes it distinguishable from the conventional machine of trendy ordinary overall performance periods in important manners, as diagnosed by Kaplan and Norton (1996). First, subculture measures recognition primarily based on manipulating and developing present strategies in a commercial enterprise organization. A balanced scorecard better defines the brand-new approaches on which an enterprise ought to thrive so as to

supply fees to its customers. Second, the conventional hassle centered on the era of short-term costs and unnoticed strategies that produce long-term financial results. On the other hand, the balanced scorecard consists of the most contemporary techniques of inner business enterprise. Although the internal business process measures of the capacity of organizations, independancy, integrity, acceptance and continuations of customer, planning the engagement, recording and up dating running paper,and security of client's records.

4. The Learning and growth perspective:

This way of thinking is related to intangible drivers of organizational performance. The spectrum of this mindset may be huge and, in the end,, segregated into human capital, information capital, and organizational capital.

Kaplan & Norton (1992) recognized primary permitting factors for this mindset to be actualized, which are:

- 1- Increasing Employees Capabilities: The popularity is to make certain that every employee can deliver issuer that could position the organization withinside the remarkable best position. The strategic diploma that can benefit these embodies, ordinary schooling of personnel to understand gift techniques of doing the tool further to adopting new strategies and making body of humans attend internal and outside workshops and seminars on new inclinations regarding the task and industry.
- 2- Increase Motivation, Empowerment, and Alignment: The proper focus right here is to take individual goals into interest whilproper focus right here is to take individual goals into interest while formulating organizational goals to deliver the ones in alignment. Strategic measures that can be taken include: education gift frame of employees to accumulate new records of the mission in preference to

replace them with a new frame of employees and alluring individual suggestions on strategies to decorate current products/techniques or developing extra modern and better ones.

Furthermore, we will address the business enterprise's duty to essential industrial company drivers. Wood communicates approach, desires, drives, and measures of famous trendy ordinary overall performance; permits the linking of strategic desires to budget; allows strategic reviews, particularly periodic ad hoc; lets in becoming aware of and selling current strategic projects; and allows fine-tuning and amending techniques with inside the mild of contemporary fundamental universal overall performance. In effect, the balanced scorecard offers a tool to govern the commercial enterprise agency in a coordinated and apparent manner to achieve its goals. It allows humans to understand ofunderstand the strategies they're capable of contributing to the strategic success of the company's organization. By making it easy to identify what gadgets are crucial symptoms and symptoms and symptoms and symptoms of achievement, people emerge as aware of what surely ends with the commercial enterprise company achieving its dreams. They then understand which additives in their artwork are important and that elevating their attention can benefit industrial organizations. Previously, they will have expressed interest in one or more of the several possible sports activities, many of which can also have made no worthwhile contribution to the success of the organizational objectives. It publishes the transformation of the organization's vision techniques into a difficult and speedy set of conventionally typical basic overall performance measures. The chain of development of the balanced scorecard is quite well-planned. First, the corporation's venture wants to be mounted, then its approach to pursuing its assignment, then the dreams so that you can underpin its method, and then output measures want to be defined virtually, so desired conventional basic

overall performance can be assessed and the general regular ordinary overall performance measures (or drivers) mounted absolutely, so it could be seen whether or not the company is transferring in the right direction. By growing and imparting this form of framework to manipulate, the balanced scorecard method permits the organization to manual it along the route of an increasingly normal overall performance that is consistent with the agency's goals and techniques.

3.3 Balanced Scorecard and Organizational Common Overall Performance

The effect of the long-term fulfillment of an agency is determined by its universal overall performance, which is now directly dependent and no longer most effective through the method and application of correct legal guidelines but, moreover, through the management of strategies. In a cutting-edge competitive organization environment, groups understand that having the right strategies enables them to carry out their business organization strategies and show average overall performance. Therefore, the company's goals are to boom the nice strategies in the direction of standard overall performance management, so one can understand how the organization operates and how it could do so. The overall performance measurement is accomplished systematically and sometimes added by all the business companies. To test the overall performance of an organization, it is essential to take a look at its elements. The creation and implementation of the appropriate dimension to drive the strategy to improve normal overall performance has been a challenge that companies have encountered. According to Kaplan and Norton (1992), traditional accounting measures, which focused primarily on monetary considerations, have been labelled as archaic and are no longer relevant in the modern business environment.

For this reason, in the modern day, the focus on the non-monetary measurements of the overall performance is gaining momentum and getting higher aid from the organization's network. This is because the focus on the non-monetary measurements of the overall performance is becoming increasingly important. The balanced scorecard is a method that measures overall performance over time and has recently gained favour in both workouts and written works. For the purpose of determining the overall performance of organisations, this model takes into account both financial and non-financial indexes. The balanced scorecard is a common type of performance-based metric that companies utilise for the purpose of strategic manipulation. Both the corporation's internal operations and its external consequences are improved as a result of this. company's internal activities and external consequences, whereas a balanced scorecard combines the strategic aspects of the company with the operational characteristics of the firm. It ensures that the mission, vision, and core values of the employer are thoughtfully taken into consideration in the objectives, projects, and measures that are carried out with the assistance of staff. In addition, the strategic ordinary overall performance on the road to the strategic consciousness regions.

3.4: A Balanced Scorecard as a Strategic Implementation Tool

The BSC model is “a tool used to replace and communicate a corporate approach to unique devices and levels of management, as well as a qualification in corporate implementation plans.” According to Keith (2000), "the utilisation of these models ensures the achievement of the targeted results, which supports the strength of the company and its role as a competitive organisation." According to the definition provided by Norton and Kaplan (1992), BSC is "a traditional system of overall performance length from the point of view of a strategic perspective that translates a firm's industrial strategies into strategic dreams, standards, the

value of purpose, and simple preliminary action steps." However, the BSC incorporates a number of different measurements of an organization's typical overall performance across four distinct dimensions (Kaplan & Norton, 1992): finance, learning and development; internal business processes; consumers; and products and services. On the other hand, the BSC consists of a balanced combination of both financial and non-financial aspects. On the other hand, the concept that lies behind the creation of such a model is that both monetary and non-economic metrics should be a part of the file machine in single administrative periods. Even if the BSC model has been deployed with great success in the past, the following straightforward requirements still need to be satisfied (Abdulaziz, 2003).

1. Because the definition of the strategic dream is the first perception gained when employing the BSC model, we'll start with a straightforward explanation of what we mean by "strategic dream."

2. The following instrument technique: the use of the BSC multiplication model is based on the instrument input; That is, the comprehensive integration of all four BSC dimensions in a single device is covered. It is vital to provide an incentive for selecting balanced and typical measures of overall performance in order for businesses to be able to respond to environmental changes and pressures that they are currently experiencing. These changes and pressures include the increased competitive intensity and the increased focus on customers. PIM (1997) outlines a number of guidelines, collectively referred to as the "Golden Rules," that simplify the process of putting the BSC model into practise.

3. The necessity of providing top management with the assistance of BSC's needs and of communicating openly and honestly with all of the employees with those needs. 4. Due to the unique environmental elements (both internal and external) that affect businesses, it is necessary to acknowledge

the possibility that there is not a single BSC (feedback) model that can be applied to all businesses. 5. We would like to acknowledge that the first steps in the process of building a suitable BSC model are identifying and reporting the organization's methodology. The day-to-day interventions are developed once the long-term strategic requirements necessary for the development of the organisation have been outlined.

6. It is necessary to have an awareness of the effect that symptoms and average symptoms of general performance have on the behaviour of employees.

7. It is essential to have a solid understanding of the challenges involved in assessing all symptoms, including normal ones, in relation to overall functioning. It is essential to be aware that there are both quantitative and qualitative signs and symptoms to look out for.

8. It is necessary to specify a constrained number of objectives and initiatives that are tailored to the distinctive qualities of each individual business.

9. Because of the reliability and straightforwardness of the stats transfer system, financial institutions are able to avoid passing phoney statistics to tool customers right from the beginning.

3.5 Empirical Literature Review:

After reviewing a fixed amount of preceding Arab and overseas research regarding the challenge of the study and the goals of the study, where **Hoque and James (2000)** have tested the connection and effect of agencies on the development of producing corporations, which has been accomplished in Australia. Their findings advise that larger agencies use the extra version instead of the little ones. However, this recommend whether larger agencies assume excessive income from the balanced

scorecard. Moreover, outcomes display a completely nice relationship between size utilization and advanced overall performance. They have observed that corporations that use the version tend to function within the top-quality stages.

The study of **Aiao and Esther** (2013) takes a descriptive look at and makes use of secondary reassessments of facts primarily based on journals, seminar papers, text books, and number one statistics that might be received from responses to copies of questionnaires served to pinnacle control participants, operational heads, and appropriate personnel of the company. The observer set up the stakeholder theorist (1984) and found that many groups have imbibed the standards of the balanced scorecard. Its direct utility changed into being located to be distinguished with a few of the outstanding organizations indexed at the inventory exchange, a demonstration that the overall performance appraisal machine has now no longer been embraced by the majority and consequently could not have been connected to offer stages of profitability, increase, and different overall performance indices. The paper concludes with the inherent advantages of using the balanced scorecard as a nonspecific technique of appraising workers overall performance so that you can improve profitability.

Malgwi and Dahiru (2014) attempt to affirm that they impact a balanced scorecard via making upgrades to the frequently taking place each day, now not uncommon for modern-day common overall performance and profitability of the imposing agencies. Research has been carried out through secondary facts; a large difference has been determined for this examination. At some point, approximatelyAt, this concludes that a balanced scorecard has contributed to massive, normal, famous, frequent,

well-known, typical, and regular standard overall performance and profitability for the firms that have followed it .

Study of **Ban Sadik** (2015): The purpose of this study was to investigate the impact that implementing the balanced scorecard had on the profitability of the Housing Bank for Trade and Finance between the years 2004 and 2014. The Housing Bank for Trade and Finance used the Balanced Scorecard to analyse the profitability of the financial institution based on economic statements that were issued between the years 2004 and 2014. This evaluation was done using the sample population, which consisted of economic statements that were posted during that time period. The research led to the discovery of some of the results, which include the fact that there is a full-size effect of economic situation (Net Profit) on Housing Bank for Trade and Finance. Profitability at the degree (0.05), that there is a sizeable effect of economic attitude (Net Profit) on Housing Bank for Trade and Finance go back on fairness price at the degree (0.05), and that there is a huge effect of economic angle (Net Profit) on Housing Bank for Trade and Finance go back on property price at the degree (0.05). Profitability at the degree (0.05). Profitability at the degree (0.05). Profitability at the degree (0.05). The examine encouraged the Housing Bank for Trade and Finance to be cognizant of non-monetary overall performance measures as a nice effecon the sustainability and balance of the Bank's overall performance further to economic measures. Also, the housing financial institution for exchange and finance worries approximately different components consisting of client service, operations, non-stop gaining knowledge of, boom, and now no longer only the monetary factor in view that all elements have a direct and robust impact on the bank's overall performance if exploited well.

A study by **Aben Sahiti** (2016) examines the impact that using a balanced scorecard can have on improving the overall performance and profitability of the agencies that are responsible for enforcing the law. Research has been carried out with the utilisation of secondary sources of information, and narrative evaluation has been adhered to for the purpose of this observation. According to the findings of this study, the implementation of balanced scorecards has resulted in increased overall performance as well as increased profitability for the organisations that have implemented these versions.

A study by **Hamdy** (2018) investigates the influence of applying the balanced scorecard methodology to the direction of financial organisations on the overall performance and competitiveness of the banking industry. For the purpose of investigating the purported connection through regression analysis, a random sample of fifty banking workers is selected at random. The population of the study is comprised of a predetermined number of banks that are operational in Egypt. This applies regardless of the sector of activity the banks are engaged in, whether or not they are commercial banks, funding banks, or specialised banks, as well as whether or not they are Egyptian banks or banks from other countries operating in Egypt. Although the sampling body of this study consists of forty banks running in Egypt in step with the Egyptian Central Bank record in 2015, The study pattern is a simple random pattern, with 50 financial institution personnel chosen at random from three banks in Alexandria, Egypt, to respond to a questionnaire. The sampling unit is the industrial, financial institution; however, the unit of evaluation is the workforce of the financial institution. This studies implemented on industrial banks branches positioned in Alexandria Province for the duration of 12 months 2015 and now no longer bear in mind Islamic Bank, Industrial financial institution,

then the Results confirmed that there's a large effect of Balance Scorecard orientation on each; banking overall performance and competitiveness .According to the studies outcomes; there's a vast tremendous dating among the orientated via way of means of BSC machine and the extent of the financial institution overall performance, especially, there may be a widespread nice courting among the orientated through BSC machine and the extent of the financial institution studying and innovation overall performance, There is a enormous dating among the orientated with the aid of using BSC machine and the extent of the financial institution technique overall performance, There is a substantial high-quality courting among the orientated via way of means of BSC device and the extent of the financial institution consumer overall performance, There is a vast effective courting among the orientated with the aid of using BSC machine and the extent of the financial institution monetary ,There is a great fine courting among the extent of the financial institution overall performance in accordance BSC device and the Bank competitiveness.

In a study by **Turshan and Others** (2019), using the four parts of the Balanced Scorecard—cash; customers; internal technologies; innovation, growth, and excellence—the influence of the Balanced Scorecard on the overall cash performance of banks operating in Palestine was investigated. The purpose of this study is to have a better understanding of the connection that exists between BSC and the overall monetary performance of banks that are active in Palestine. In order to accomplish this, the population of the study consisted of all 14 banks that are currently active in Palestine. Because there are so few people in the population, a method known as "whole population" was used: the model represents the entire population. The questionnaire was sent out to a total of 130 respondents (workers) working for the bank. These personnel included department

heads, department executives, tellers, and heads of departments. It was discovered that overall financial performance is a continuous variable, and that it may be determined by the following four objective variables: (1) financial attitudes; (2) customer attitudes; (3) internal risk approach attitudes; and (4) innovation, environment, and scenario. Learn as much as you can. The multiple linear regression test was changed from subjective confidence to 95%, resulting in 3 important variables: critical attitude; the position of technology in business; innovation, expansion, and corner identification. The overall adjusted R² is 0.62. This figure is acceptable, and the next version is known to represent 62% of the overall currency performance determinant. The following is a list of the primary implications of this review: (1) The BSC version has the potential to enhance the general monetary performance of banks that are currently active in Palestine. (2) The customer attitudes measured by the BSC version are no longer subject to the same influence when seen from a variety of perspectives. In terms of their overall performance, the banks that are active in Palestine have developed a complete set of strategic clean performance indicators. These indicators include both traditional financial and non-monetary measurements. despite the fact that they make it clear that the fact that they utilise such measures does not imply that they comply with those measures in the way that is required by a copy of the BSC. These processes are capable of being reorganised into the BSC release's four different presentation types. (1) Banks operating in Palestine shall use BSC as an embedded instrument for strategic control and to make decisions through means of control. This is the primary directive. Its programme is successful in achieving various benefits, which boost both the good performance of banks and the general performance of the economy. In addition, two of the banks operating in Palestine have expressed a desire to pay greater attention to methodology and measurement, which is a

component of how their customers feel about BSC. In addition, there is a desire to formulate three educational and behavioural recommendations for workers working in financial institutions regarding BSCs and how to make use of them. In conclusion, it is desirable to have (four) behaviours in addition to examining the effect that adopting BSC as a strategic planning tool has on the overall monetary performance of banks operating in Palestine. These behaviours include, for example, (5) considering the impact of BSC while also considering the type of financial institution, whether it be Muslim or institutional, close by or abroad.

A study by **Tran Trung Tuan** (2019) stated that Balanced Scorecard (BSC) is considered one of the main sources of management accounting. The Balanced Scorecard (BSC) helps administrators measure and compare the overall performance of organizations. Therefore, besides the facts regarding the use of ballot papers, the effect of ballot use on the general indicators of enterprises and also the use of managers are summarized. The best point of business in Vietnam aims to smartly and intelligently improve the overall performance of companies. However, the correct figure, as it were, is an entirely new element of content in all Vietnamese exercises. The perspective of the goals of finding the use of the balanced scorecard in companies is based on the four concepts of the balanced scorecard in Vietnamese commercial banks. To evaluate this article, SPSS 22 was used to collect and analyze evidence based on 199 surveys of managers and branch employees of commercial banks in Vietnam. The study demonstrated the effectiveness of measuring quality in the overall performance of commercial banks in Vietnam. This is the foundation of the corporate clinic in Vietnam, and industrial banks in Vietnam successfully use the credit card to improve the business's overall performance. Then use the example. As of 2019, Vietnam had 35 commercial banks. From a

comprehensive analysis of 35 banks, the authors select banks that have implemented the Balanced Scorecard software or the Balanced Scorecard process to compare results and outputs. Service facilities are managed by the manager, not the employer, and they perform all the services of the facility. Collected for comparison everywhere, within the world and at home on the financial, heads of the heads, costs, financial institutions, and others. This series of texts is written in many villages and records of external males.

The current investigation carried out by **Bayad Jamal Ali** (2021) is of an empirical and objective character; a quantitative approach has been regarded as an extraordinary method for the purpose of accomplishing the objectives of the investigation. The cutting-edge Sample layout was researched using a quantitative strategy, which refers to the method or technique the researcher is inclined to accept in deciding on objects for the pattern. This approach was implemented in order to determine which things should be included in the pattern. Following the conclusion of the investigation, a decision was made to implement a method of random sampling, which was carried out in designated banks. There were a total of one hundred forty surveys available, however only one hundred twenty-eight individuals had satisfactorily completed the questionnaires. The investigator carried out a number of different regression analyses in order to locate the most recent and relevant take. The results demonstrate that the inner system as a balanced-scored card has a significant and magnificent effect on the strategic mechanism at a level of 5%. This effect is demonstrated by the fact that the degree of this effect is 5%. According to the findings, the internal procedure, which takes the form of a balanced score card, has a significant and outstanding influence on the strategic mechanism at the 5% level. The findings indicate that an organisational

capability expressed in the form of a balanced score card has a fantastic impact on the strategic mechanisms at a degree of 5%. At the 5% stage, the impacts that are demonstrated by the patron as a card with a balanced score have a significant impact on the strategic mechanisms. Moreover, all beta values are better than.001. The findings indicate that non-financial incentives have a greater impact on worker satisfaction than financial ones do. This is likely due to the fact that non-financial incentives motivate employees to be more environmentally sensitive. As a result of this, it has been suggested that in order to guarantee the protection of the environment, nonfinancial initiatives should be employed according to financial measures in order to embellish internal business enterprise procedures. For instance, rather than focusing on traditional programmes that can persuade people to make changes that are more sustainable, it is strongly urged to take actions related with trash and the utilisation of unique sources. The results of the methodological research also highlight how important it is to learn about and improve as a constant operation as opposed to a seasonal one.

The results of a study by **Razieh Razaee** (2021) assessing the effects of control equipment, which comprises technology, control, and innovation, on the relationship between the four dimensions of a BSC and financial institution productivity were analysed. Across the United States, eleven different banks were researched for these studies. In the year 1398, through the utilisation of random sampling and data accumulated from questionnaires sent to 172 senior specialists of the financial institution, in conjunction with the output of the structural equation method, it was demonstrated that innovation on the connection between dimensions of the internal method, getting to know the size of the BSC with the productiveness of banks, has a significant impact. However, the connection

between monetary dimensions and the purchaser of the four dimensions of the BSC with banking performance has not been significantly changed for some time now. Also, information control had a significant impact on the relationship between monetary and customer dimensions and the productiveness of the bank; however, it had no effect on the relationship between internal process dimensions, learning, and productiveness. These outcomes of policymakers inside the banking system towards prioritising innovation and technology control, as well as improving the extent of usage of all development equipment to align them with strengthening the connection between BSC and banking productivity, are discussed.

The research conducted by **Hussein and Wajdi** (2022) investigates the influence that strategic planning and budgeting have on the relationship between the implementation of the balanced scorecard and the maximisation of profitability for commercial banks that are traded on the Amman Stock Exchange. In this study, the balanced scorecard is evaluated based on four axes: the financial perspective, the customer perspective, the internal operations perspective, and the growth and development perspective. In order to accomplish the objectives of the study, a questionnaire was developed and distributed to personnel, managers, and department heads working within the monetary control branch of business banks indexed on the Amman Stock Exchange. The purpose of the questionnaire was to collect information that would help achieve the objectives of the study. In light of this, 108 responses to the questionnaire were tracked down and input for statistical analysis. The results of the observer's work confirmed that utilising the balanced scorecard has an influence on maximising the profitability of industrial banks that are indexed on the Amman Stock Exchange. There is a correlation between taking into account all aspects (financial viewpoint, client perspective,

internal operations perspective, boom and improvement perspective) in order to maximise the profitability of business banks that are listed on the Amman Stock Exchange. In addition, the results of the investigation showed that there is a possibility of an effect brought about by planning and budgeting at the network, which is made up of 13 business banks that are listed on the Amman Stock Exchange. Concerning the pattern examination being a comprehensive survey of the entire examine network and concerning the pattern observations, the researchers purposefully decided on the pattern by choosing personnel, managers, and heads of departments operating within the economic control branch of business banks indexed at the Stock Exchange, and accordingly allowing researchers to distribute (156) questionnaires through (12) questionnaires for each and every one of the industrial banks who participated in the study. In addition, the pattern examination was a complete survey of the whole examine network. The questions were sent using Google Forms. After retrieving the questionnaires that had been answered, the researchers discarded 13 questionnaires either because they were incomplete or because the respondents were not filling them out well enough. The most recent look at pattern was illustrated by means of 108 questionnaires, and a percentage of (69.2%) of the look at pattern observations courted between the use of the balanced scorecard and the maximisation of profitability on commercial banks that were listed on the Amman Stock Exchange. The research endorsed a set number of recommendations, the most important of which are as follows: Jordanian business banks should take note of the application of all axes of the balanced scorecard by developing education programmes for their personnel on how to use the balanced scorecard so that they can understand how to benefit from its statistics in forming the predicted dimensions of future's overall performance.

The research that was conducted by **Abbadi and Abu-Rub** (2012) makes an effort to identify the factors that bank managers in Palestine take into consideration when evaluating the overall performance of their respective financial institutions. which makes use of four organisational indicators: financial, customer satisfaction, innovation of products and offerings, and measures to choose commitment, learn knowledge, and boom of employees. We put those safeguards into effect for Palestinian banks by following a pattern that was representative of 43 percent of the banks and branches located within the West Bank. A questionnaire was distributed to the heads of each financial institution's head office and department, and it was filled out by those individuals as thoroughly as possible. We employed the ratio chance, in addition to an impartial t-check. It was observed that the measurements that Palestinian banks use are not the same as those used by banks in other countries. Palestinian banks use percentage rates and internet earnings because they have the maximum essential economic degree, the number of recent customers for customer satisfaction, the variety of the latest services and products for innovation of products and offerings, and a wide variety of seminars, lectures, and education for judging the commitment, studying, and increase of personnel. In addition, Palestinian banks have a large number of recent customers for customer satisfaction. In addition to this, the article looked at the statistical differences between local and international banks, as well as their headquarters and branch offices. The outcomes of the speculation checking show mixed results among international and local banks and reject the majority of the speculation between the head office and department. This is in agreement with the challenges that the company is facing and the attention differences that exist between the head office supervisor and the department supervisor.

Rahal and Daranee (2014) look up the extent of Balanced Scorecard (BSC) adoption and implementation amongst Palestinian-indexed organizations as a normal, frequent, trendy performance assessment machine and explore whether or no longer Palestinian companies apprehend the magnitude of non-monetary measures of BSC in their common, everyday standard performance assessment system. For that, gathered information with the beneficial useful resource of using a questionnaire directed to pinnacle-degree manipulation of Palestinian corporations such as the Chief Executive Officer (CEO), Chief Financial Officer (CFO), Internal Auditor, and Controller has been analyzed through the utilization of the statistical software program SPSS. Our findings exhibit that the most splendid 30% of surveyed agencies have adopted BSC, 42% have partly adopted it, and the rest have no longer located BSC. Although the bulk of Palestinian agencies apprehends the price of BSC adoption in full, economic measurements are again taken into consideration as the quintessential signal in the evaluation method of an organization's standard performance. In the case of non-economic measurements, all surveyed businesses recognize the magnitude of BSC purchaser attitude, while the magnitude of brilliant views has special views amongst businesses. Only the banking neighborhood recognizes the significance of creating and inspecting a body of thinking. It has the difficulty of periodically determining a normal standard of overall performance as exact as monetary attitude. Finally, respondents to the questionnaire who apprehend the fee of BSC implementation endorse the organization's readiness to suffer charge changes and recruit all desired human and non-human belongings during BSC's complete adoption.

The study (**ABUEID, 2020**) discover the position of using the balanced scorecard in enhancing the overall economic performance of banks running

in Palestine. The researcher used the questionnaire device to observe the quantity of the software of the balanced scorecard in banks running in Palestine and the use of easy linear regression evaluation and more than one linear regression to check the hypotheses and make clear the relationships among the impartial variables and their effect on the established variables to degree the effect of the software of the balanced scorecard on enhancing the overall monetary performance of banks working in Palestine. The information was processed with the statistical program SPSS. Based on the evaluation, the group reached the subsequent outcomes: It changed into located that the whole diploma of utility of the scale of the Balanced Scorecard for banks running in Palestine is excessive because it grew to become out that every one tier of software of the scale of the Balanced Scorecard is excessive, and that the very best diploma is the diploma of utility of the consumer size, observed via means of the diploma of software of the monetary size, accompanied by the diploma of software of the internal operations size. Followed through the diploma of software of the size of boom and studying, and ultimately the diploma of software of the social measurement. It changed into additionally observed that there have been no variations within the volume of making use of the scale of the balanced scorecard in banks working in Palestine because of the variable of the financial institution's beginning in all dimensions of the examine besides for the social measurement because it has become clear that the variations within the social measurement had been in the desire of nearby banks as opposed to non-neighborhood banks. Also, it turned into located that there had been no variations withinside the quantity of software of the scale of the balanced scorecard (after increase and mastering, after clients, after internal operations) in banks working in Palestine because of the variable of the financial institution's capital, at the same time as it turned into located that there had been variations withinside the volume of the

utility of the scale of the balanced scorecard (the measurement The monetary, the social measurement, and the rating for the scale of the balanced scorecard) withinside the banks working in Palestine because of the variable of the financial institution's capital, in want of the banks whose capital (extra than 70 million dollars). The consequences additionally suggest the lifestyles of a right away and the statistically huge impact of making use of the balanced scorecard on the overall monetary performance of banks working in Palestine as measured through the variables (income boom fee, price of go back on belongings, price of go back on fairness).

The use of a balanced scorecard was shown to have a positive influence on exceptional profits managed through the firm (bank) length of banks that were indexed on the Palestine Exchange over the period of 2011–2019, according to a study that was conducted by **Nour and Others** (2022). In order to accomplish this goal, a panel model that refers to the structured variable (earnings best) and impartial variables (balanced scorecard additives) with the managed variable (firm size) became predicted. The researchers used the monetary reviews and disclosures of the banks that were listed on the Palestine Stock Exchange as a device to collect statistics, in addition to books, articles, and the previous research. Using quantitative records as proxies for each objective and specified variable led to the selection of descriptive quantitative studies as the research method of choice. In order to measure the pass in both its sectional and longitudinal dimensions, the panel studies approach was utilised. Eviews Model 7, a piece of statistical software, was used to formulate hypotheses regarding the connections that exist between the variables under consideration (profitability, BSC additives, and company size, specifically). The findings demonstrated that there is a statistically significant and negative impact that customer attitude (CUS) has on earnings quality (EQ), that there is a

statistically significant and positive impact that internal business process attitude (IBP) has on earnings quality (EQ), and that there is a statistically significant and favourable impact that firm size (FS) has on earnings quality (EQ). In addition, the findings demonstrated that the earnings quality (EQ), the social attitude (SP), the learning and growth attitude (LG), and the financial perspective (FP) did not have a statistically significant impact on the research.

In addition, the results demonstrated that the earnings quality of banks that are indexed on the Palestine Exchange is no longer exorbitant. This was supported by the results. In addition, those financial institutions have discontinued their usage of the Balanced Scorecard (BSC). The stability of a balanced scorecard is something that banks want to be able to rely on when formulating their opinions rather than being limited to economic signals. In addition, consumers of the economic statements provided by Palestinian banks are no longer permitted to rely simply on the total amount of online earnings provided within the economic statements themselves. In addition, it is necessary to acknowledge the reevaluations and additions to the net income, particularly in terms of the dimensions, real flows, and receivables associated with these aspects. Auditing workplaces and groups is a crucial component in preventing individuals from exercising income control or engaging in any manipulative practises that could be misleading. Despite the fact that the banks ought to put the balanced scorecard system into practise using the following processes:

Include a sufficient amount of allowances within the bank's budget so that the balanced scorecard system can be developed and approved. Engage the required specialised employees in the educational seminars that are held within the banks that put into action the balanced scorecard system. Teach them how to design and implement the system, as well as how to link it to

the rest of the bank's reporting systems. Educate the employees of the financial institution on how to design and operate BSC and make them aware of the benefits of imposing noise by having them read publications and participate in practise programmes that have been established and administered by specialised persons. Establish a time plan to schedule the activities and obligations in such a way that each may be completed for the purpose of enforcing BSC. Adopt, alternatively, an unmarried and specific dimension method primarily based totally at the Palestine Stock Exchange as a hallmark of the excellent earnings that every organisation practises to make sure the excellent in their earnings and to facilitate comparison amongst organisations indexed within the same marketplace or amongst economic markets in multiple international locations. This will make it less difficult to compare organisations that are indexed in the same marketplace or amongst economic markets in numerous international locations. The researchers recommend utilising the running coin waft ratios evaluation approach since it focuses on real revenues rather than accruals and so more accurately reflects the current state of affairs of the enterprises being evaluated. Furthermore, include a sufficient amount of allowances within the bank's budget so that the balanced scorecard system can be developed and approved. Engage the required specialised employees in the educational seminars that are held within the banks that put into action the balanced scorecard system. Teach them how to design and implement the system, as well as how to link it to the rest of the bank's reporting systems. Educate the employees of the financial institution on how to design and operate BSC and make them aware of the benefits of imposing noise by having them read publications and participate in practise programmes that have been established and administered by specialised persons. Establish a time plan to schedule the activities and obligations in such a way that each may be completed for the purpose of enforcing BSC. Adopt, alternatively,

an unmarried and specific dimension method primarily based totally at the Palestine Stock Exchange as a hallmark of the excellent earnings that every organisation practises to make sure the excellent in their earnings and to facilitate comparison amongst organisations indexed within the same marketplace or amongst economic markets in multiple international locations. This will make it less difficult to compare organisations that are indexed in the same marketplace or amongst economic markets in numerous international locations. The researchers recommend utilising the running coin waft ratios evaluation approach since it focuses on real revenues rather than accruals and so more accurately reflects the current state of affairs of the enterprises being evaluated.

To learn about **Abu Eid** (2023), examine how the implementation of a balanced scorecard (BSC) changes the typical performance of banks in Palestine. The banking industry is one of the industries that can influence the economic system of any country in the United States. In spite of the fact that this industry has an impact on the financial regulations that are put into place in Palestine, it appears that there is a problem with the appropriate method for determining its typical level of performance. There have not been any techniques that are both effective and environmentally friendly. It makes one feel compelled to investigate how the impact of a BSC can be calculated into an estimate of the overall average performance of banks in Palestine. This examination observed a descriptive diagram of the ex-submit fact form with a sample of 126 senior financial organisation groups of people that were arbitrarily selected from fourteen Palestinian banks. At the 0.05 level of significance, three different hypotheses were generated and tested utilising Pearson's product-second correlation comparison as well as a pair of linear regression opinions. The final result demonstrated that the normal overall performance of the financial organisation had a

strong correlation with the internal organisation approach mindset ($r = 0.633$, $p = 0.01$), as observed by the capability of customers' attitude ($r = 0.338$, $p = 0.01$), financial mindset ($r = 0.321$, $p = 0.01$), and learning and increasing attitude ($r = 0.230$, $p = 0.01$). Although the results of the regression analysis showed that the most significant factor was the internal employer method attitude (Beta = 0.670, $t = 10.320$, $p = 0.01$), which was located through gaining an understanding of and growing attitude (Beta = 0.185, $t = 2.812$, $p = 0.01$), customers' mindset (Beta = 0.150, $t = 2.469$, $p = 0.05$), and economic mindset (Beta = 0.100, $t = 2$). Although, the primary distinction among this look at and Abueid (2023) is the new based variable of Profitability of banks running in Palestine.

Chapter 4: Research Methodology

4.1: Introduction

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4.6.4: Correlation of balanced scorecard dimensions and banks profitability

4.6.5: Regression models

4.6.6: Discussion of Hypothesis based on findings and literature review

4.1 Introduction

For the purpose of this study, both analytical-descriptive methodology and inferential statistical methods were utilised. It permits investigating, analysing, interpreting, and looking at the annoyance of the study along the lines of scientific technique, as well as getting beneficial outcomes and enormous generalisations that enhance understanding. Moreover, it enables looking at the difficulty of the study in accordance with the scientific method.

4.2 Conceptual Framework and Research Design

I used the Abu Eid, 2023 questionnaire and modified some paragraphs to suit the objectives and questions of the study. Then, I developed a series of questions to gather evidence from the survey where the first segment of the questionnaire consists of six (6) questions regarding the respondents' personal information and these, include gender, educational qualifications, the bank which the respondent work, the branch work, the type of bank work, and job title. The second part of the questionnaire contains 21 questions on the various dimensions of the balanced scorecard, namely financial perspectives (5 questions), customers perspectives (6 questions), learning and growth perspectives (4 questions), and internal business process perspectives (6 questions) for measuring the performance of the banks as independent variables where a five-point Likert scale is used to measure the questionnaire items. The third part of the questionnaire contains 6 questions on measuring the banks' profitability, which served as the dependent variable where a five-point Likert scale is used to measure the questionnaire items.

4.3 The Variables

The search consists of the following variables:

1. Independent variable: It consists of the subsequent variables: Balanced scorecard perspectives: a. Financial perspective; b. Customer perspective; c. internal business process perspective; and d. learning and growth perspective.
2. The dependent variable is the profitability of the Islamic and conventional banks operating in Palestine.

However, the research used SPSS and STATA software to execute the analysis.

4.4 The Models

This study outlined three different multiple regression models in order to accomplish the goals of the study, which were to investigate the impact of various dimensions of the balanced scorecard, specifically financial perspectives, customer perspectives, learning and growth perspectives, and internal business process perspectives, on the profitability of conventional and Islamic banks that operate in Palestine. The first model is for examining the impact of the various dimensions of the balanced scorecard, and the other two models are for analysing the impact of the various customers perspectives, learning and growth perspectives, and internal business process perspectives.

Model (1): Regression model for Islamic banks operating in Palestine:

$$Y_t = \beta_0 + \beta_1(A_1) + \beta_2(A_2) + \beta_3(A_3) + \beta_4(A_4) + e_t \quad (1)$$

where Y_t is the profitability of Islamic banks operating in Palestine; β_0 represents a constant parameter that is equal to or close to zero by the value of the dependent part; A_1 , A_2 , A_3 , and A_4 represent the various dimensions

of the balanced scorecard, i.e., financial perspectives, customers perspectives, learning and growth perspectives, and internal business process perspectives; $\beta_1, \beta_2, \beta_3,$ and β_4 are the respective coefficients of the parameters, and e_t is the error term of the regression.

Model (2): Regression model for conventional banks operating in Palestine:

$$Y_t = \beta_0 + \beta_1(C_1) + \beta_2(C_2) + \beta_3(C_3) + \beta_4(C_4) + e_t \quad (2)$$

where Y_t is the profitability of conventional banks operating in Palestine; β_0 represents a constant parameter that is equal to or close to zero by the value of the dependent part; $C_1, C_2, C_3,$ and C_4 represent the various dimensions of a balanced scorecard; $\beta_1, \beta_2, \beta_3,$ and β_4 are the respective coefficients of the parameters, and e_t is the error term of the regression.

Model (3): Regression model for Islamic and conventional banks operating in Palestine:

$$Y_t = \beta_0 + \beta_1(K_1) + \beta_2(K_2) + \beta_3(K_3) + \beta_4(K_4) + e_t \quad (3)$$

where Y_t is the profitability of Islamic and conventional banks operating in Palestine; β_0 represents a constant parameter that is equal to or close to zero by the value of the dependent part; $K_1, K_2, K_3,$ and K_4 represent the various dimensions of balanced scorecard; $\beta_1, \beta_2, \beta_3,$ and β_4 are the respective coefficients of the parameters, and e_t is the error term of the regression.

4.5 Data Collection

The research sample includes 14 Islamic and conventional banks in Palestine. For the respondents, the research chooses branch managers, heads of departments, deputy department managers, and monitors running within the monetary control branch of business banks working in Palestine, and accordingly permitting the researcher to distribute (110) questionnaires

due to the fact that the Egyptian Arab Land financial institution now no longer has branches in Hebron and a few branches of the financial institution have the deputy department manager and the observer with the identical individual.

However, the researcher retrieved 105 questionnaires that have been answered and excluded five because they are no longer complete or the respondents are no longer filling them out. The very last take-a-look-at pattern was represented through one hundred and five questionnaires, with a percentage of ninety-six percent of the take-a-look-at pattern observations.

4.6: Data Analysis, Results, and Discussion

The study sample, demographic characteristics, demographic results, the Validity and Reliability Test, descriptive statistics for the data, the correlation between the factors of study, regression analysis for dimensions of bank profitability, regression models of Islamic and Conventional Banks, and a discussion of the hypothesis are all included in this section.

4.6.1: Sample and Demographic characteristics

The study sample of banks that are currently operating in Palestine is listed in Table 4.6.1, along with the total number of questionnaires that were handed out. According to the table, this research was carried out with the participation of 105 employees who were selected at random, where the response rate was 96%.

Table 4.6.1: Study sample

Bank Name	Bank Type	Number of questionnaires distributed	Number of questionnaires returned
Palestine Islamic Bank.	Islamic	5	5
Arab Islamic Bank.	Islamic	13	12

Al Quds Bank	Commercial	6	5
Arab Bank	Commercial	18	18
Bank of Palestine	Commercial	22	20
Palestine Investment Bank	Commercial	8	8
The National Bank	Commercial	3	3
Al Safa Bank	Islamic	3	2
Cairo Amman Bank	Commercial	8	8
Bank of Jordan	Commercial	10	10
The Housing Bank for Trade and Finance	Commercial	9	9
Jordan Ahli Bank	Commercial	4	4

Table 4.6.2 shows the demographic characteristics of the participants where 110 questionnaires were distributed, and 105 filled questionnaires were returned; thus, the return rate is 96%. According to the table, the majority of the respondent are males: 67.6% (n = 71), while 32.4% (n = 34) are females. It is obvious that almost all the employees have a bachelor's 83.4% (n = 88), with a diploma 3.8% (n = 4), and postgraduates 12.4% (n = 13). However, 65.7% (n = 69) of the banks are nationally located, and 34.3% (n = 36) are foreign banks.

Furthermore, the majority of participants worked in Arab Bank (19% (n = 20) and 28.5% (n = 30) worked in EIN Sara branches. Most of the employees are head of branch (33.3%) (n = 35), 26.75% (n = 28) controllers, 22.9% (n = 24) are worked as deputy branch supervisors, and 17.1% (n = 18) are branch supervisors.

Table 4.6.2: Demographic characteristics of participants (n=105)

	Variable	%	N
Gender	Male	67.6	71
	Female	32.4	34
Education Degree	Diploma	3.8	4
	Bachelors	83.4	88
	Postgraduate	12.4	13
The bank you work in	Palestine Islamic bank	0.047	5
	Arab Islamic bank	11.4	12
	Al Safa bank	0.028	3
	Arab bank	17.1	18
	Jordan bank	0.095	10
	Palestine investment bank	0.076	8
	Housing bank	0.085	9
	Cairo Amman bank	0.076	8
	Palestine bank	19	20
	Alquds bank	0.047	5
	The national bank	0.028	3
	Jordan Ahli bank	0.038	4
The branch of the bank you work in	Ein- Sara	28.5	30
	Alshalala	14.2	15
	wadi Altofah	12.3	13
	Ras aljora	0.047	5
	Alsalam street	20.1	22
	Almanara	15.2	16
	Middle of the city	0.038	4
The kind of bank you work in	National	65.7	69
	Foreign	34.3	36
Job title	Head of department	33.3	35
	Controller	26.7	28
	Deputy of branch manager	22.9	24
	Branch manager	17.1	18

4.6.2 :Validity and Reliability Test

Table 4.6.3: Show the Cronbach alpha (α), Dijkstra-Henseler's reliability (rho_A), the composite reliability (CR), and variance extracted (AVE) tests for reliability.

Table 4.6.3: Show the Cronbach alpha (α), Dijkstra-Henseler's (rho_A), the composite (CR), and variance extracted (AVE) tests for reliability.

Variable	Dimensions	Alpha	RhO_A	CR	AVE
the reality of applying the BSC approach in bank	Financial perspective	0.81	0.78	0.90	0.70
	Customers perspective	0.85	0.81	0.88	0.78
	internal business process perspective	0.88	0.76	0.80	0.70
	learning and growth perspective	0.83	0.79	0.83	0.72
	Total	0.89	0.83	0.92	0.78
The effect of financial performance on the profitability of banks		0.82	0.80	0.87	0.79
Variable	Dimensions	Alpha	RhO_A	CR	AVE
the reality of applying the BSC approach in bank	Financial perspective	0.81	0.78	0.90	0.70
	Customers perspective	0.85	0.81	0.88	0.78
	internal business process perspective	0.88	0.76	0.80	0.70
	learning and growth perspective	0.83	0.79	0.83	0.72
	Total	0.89	0.83	0.92	0.78
The effect of financial performance on the profitability of banks		0.82	0.80	0.87	0.79
Variable	dimensions	Alpha	RhO_A	CR	AVE
the reality of applying the BSC approach in bank	Financial perspective	0.81	0.78	0.90	0.70
	Customers perspective	0.85	0.81	0.88	0.78
	internal business process perspective	0.88	0.76	0.80	0.70
	learning and growth perspective	0.83	0.79	0.83	0.72
	Total	0.89	0.83	0.92	0.78
The effect of financial performance in profitability of banks		0.82	0.80	0.87	0.79

Cronbach's alpha (α), Dijkstra-Henseler's reliability (rho A), and the composite reliability (CR) of the variables under our investigation are all teetering on the verge of 0.70 as shown in Table 4.6.3. The combination of these effects demonstrates a high level of reliability and inner consistency

in the assembly. Fornell-Larcker matrix and the heterotrait-monotrait ratio of correlations (HTMT index) have been deployed to look at the divergent validity (the parameter showing that each variable explains larger of the variance of its symptoms and signs an outcome). Additionally, the table shows that the variables under the look-up have exhibited a mean-variance extracted (AVE) that is larger than the 0.50 threshold. This suggests that the proper sufficient convergent validity of each and every variable.

4.6.3: Results of the descriptive statistic of the data

In order to understand the study, we can use the key in the following Table 4.6.4.

Table 4.6.4. key Scale

Mean	Scale
1 - 2.33	Low
2.34 – 3.66	Intermediate
3.67 – 5	High

Firstly, results associated with the query, which is, What is the extent of the effect of the usage of a balanced scorecard on the profitability of banks in Palestine?

In this case, the same old deviations had been calculated in line with the magnitude of the effect that using a balanced scorecard has had on the scale of the effect that using a balanced scorecard has had on the profitability of banks in Palestine, as demonstrated in Table 4.6.5.

Table 4.6.5: Mean and standard deviation of the pattern respondents for the size of the effect of the usage of a balanced scorecard on the profitability of banks in Palestine

		Min	Max	Mean	SD	profitability
The reality of applying the BSC approach in bank	Financial perspective	1.80	4.80	3.06	0.65	Intermediate
	Learning and growth perspective	2.00	4.67	3.03	0.54	Intermediate
	Customers perspective	1.83	4.50	3.01	0.56	Intermediate

	Internal business process perspective	1.25	4.75	3.01	0.77	Intermediate
	Total	2.24	4	3.02	0.34	Intermediate
The effect of financial performance in profitability of banks		1.33	4.33	3.02	0.57	Intermediate
	Over all	1.28	4.89	3.03	0.32	Intermediate

From Table 4.6.5, the truth of using the BSC method in bank rating displays an average of 3.02 (**intermediate**) with a SD of 0.54. The impact of overall monetary performance on the profitability of banks has a median of 3.02 (**intermediate**) with a SD of 0.57. It consequently suggests that personnel have good enough knowledge of the extent of the effect of using a balanced scorecard on the profitability of banks in Palestine.

Results related to the question: What is the level of the reality of applying the BSC approach in bank?

As can be seen in Table 4.6.6., the means and standard deviations were computed for this section based on the workers' level of awareness on the practical implications of implementing the BSC method in the bank.

Table 4.6.6: Mean and standard deviation of the sample respondents for the dimensions of the reality of applying the BSC approach in bank

The reality of applying the BSC approach in bank				
Financial perspective		Mean	SD	profitability
1	The bank verifies that the financial return is appropriate with the owners' expectations.	3.19	1.38	Intermediate
2	The bank verifies that using the balanced performance standerd increases the banks profitability and adds to it anow economic value regulary.	3.09	1.40	Intermediate
3	The bank verifies that the use of the balanced	3.05	1.42	Intermediate

	scorecard increases the banks cash flows.			
4	The bank verifies that the used of the balanced performance standard leads to the financial growth to the bank.	2.99	1.36	Intermediate
5	The bank verifies the refund of the owners capital.	2.98	1.34	Intermediate
	Total	3.06	0.65	Intermediate
Customers perspective				
1	The bank applies the customer retention standard by increasing the amount of transactions and contacting them constantly.	3.35	1.40	Intermediate
2	The bank evaluates customer retention critenion through the number of customers who left dealing with the bank.	3.15	1.32	Intermediate
3	The bank practices customers profitability through achieving fair and satisfactory profit.	2.97	1.50	Intermediate
4	The bank applies the fair market share criterion which balances available organizational capabilities and large market share.	2.96	1.36	Intermediate
5	The time spent to provide the service is suitable to the normal time for that service.	2.88	1.45	Intermediate
6	Customer loyalty can be obtained through providing banking services in apossible least time and immediate responding to customer complaints.	2.79	1.40	Intermediate
	Total	3.01	0.56	Intermediate
internal business process perspective				
2	The bank applies the efficiency standard in treating the available resources which determines the level of	3.08	1.43	Intermediate

	benefits available capital absorptive capacity			
4	The bank always strive to develop and improve service, staff skills and information technology	3.04	1.37	Intermediate
3	The bank practices the productivity standard through supplying the needs of customers which makes the service with high quality and desired by customer	3.01	1.49	Intermediate
1	The standard of mastery and provide the service which applied in the bank competes global standards.	2.92	1.46	Intermediate
	Total	3.01	0.77	Intermediate
learning and growth perspective				
5	The bank has high percentage of employees who have distinguished and useful experience	3.19	1.23	Intermediate
1	The bank practice the standard of employees satisfaction through meeting their needs that with their abilities and qualifications	3.13	1.34	Intermediate
4	The bank applies the standard of employees retention by meeting his financial needs , moral and habilitation	3.06	1.24	Intermediate
2	The bank provide educational skills with are appropriate for individual	3.02	1.46	Intermediate
6	The employees in the bank cling to their jobs and they do not search for alternatives	2.99	1.34	Intermediate
3	The banks prachices the standard of an employee profitability via achieving fair profit through his capability to achieve economic value to the bank	2.85	1.33	Intermediate
	Total	3.03	0.54	Intermediate

According to Table 4.6.6:

Financial perspective: the majority of employees agreed in intermediate terms that "The bank verifies that the financial return is appropriate with the expectations of the owners," which has a mean of (3.19 ± 1.38) , also agreed with the study (Abueid, 2020)

Customers' perspective: the majority of employees agreed in intermediate terms that "The bank applies the customer retention standard by increasing the number of transactions and contacting them constantly," which has a mean of (3.35 ± 1.40) , also it is agreed with Abueid (2022).

Internal business process perspective: the majority of employees agreed, in intermediate terms, that "The bank applies the efficiency standard in treating the available resources which determines the level of benefits available capital absorptive capacity." This statement has a mean of (3.08 ± 1.43) and is different from Abueid (2022), which finds that the results between this perspective and the performance of the bank are low.

Learning and growth perspective: the majority of employees agreed in intermediate about "The bank has a high percentage of employees who have distinguished and useful experience," which has a mean of (3.19 ± 1.23) , Although it do not agree with the study of Abueid (2022) which finding the result is low.

Results related to the question, which is, "What is the level of the effect of financial performance on the profitability of banks?"

Here the means and the standard deviations were calculated according to the effect of financial performance on the profitability of banks, as shown in Table 4.6.7

Table 4.6.7: Mean and standard deviation of the sample respondents for the dimensions of the effect of financial performance on profitability of banks

The effect of financial performance in profitability of banks		Mean	SD	profitability
1	Over the past three years , the bank financial performance has exceeded that of competitors	3.09	1.40	Intermediate
2	The past three years have been profitable for the bank than other competitors	2.98	1.46	Intermediate
3	Over the past three years, the banks sales growth has exceeded that of compaitors	3.35	1.40	Intermediate
4	The banks supply chain partners pool financial resources	2.97	1.50	Intermediate
5	Return on assets has been sustainability increased by supply chain integration	2.96	1.36	Intermediate
6	Sales rate for primary customers has been markedly improved by supply chain integration	2.79	1.40	Intermediate
Total		3.02	0.57	Intermediate

According to Table 4.6.7, the vast majority of employees had a moderate level of agreement with the statement that "Over the past three years, the bank's financial performance has exceeded that of competitors," which has a mean of (3.09±1.40).

4.6.4: Correlation of balanced scorecard dimensions and banks profitability

Table 4.6.8: Correlation of balanced scorecard dimensions and profitability of the Islamic banks operating in Palestine

		Profitability	Financial Perspectives	Customers Perspectives	Learning and Growth Perspectives	Internal Business Process Perspectives
Profitability	Pearson Correlation	1	.334*	.790**	-.020	.047
	Sig. (2-tailed)		.046	.000	.910	.785
Financial Perspectives	Pearson Correlation	.334*	1	.079	.139	.637**
	Sig. (2-tailed)	.046		.648	.417	.000
Customers Perspectives	Pearson Correlation	.790**	.079	1	-.003	-.028
	Sig. (2-tailed)	.000	.648		.988	.873

Learning and Growth Perspectives	Pearson Correlation	-.020	.139	-.003	1	.074
	Sig. (2-tailed)	.910	.417	.988		.666
Internal Business Process Perspectives	Pearson Correlation	.047	.637**	-.028	.074	1
	Sig. (2-tailed)	.785	.000	.873	.666	

*. Correlation is significant at the 0.05 level (2-tailed).

**. Correlation is significant at the 0.01 level (2-tailed).

Table 4.6.8 shows the correlation of balanced scorecard dimensions, namely financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives in relation to the profitability of Islamic banks. From the table, financial perspectives and customers' perspectives as banks performance measures are positively and significantly correlated with the profitability of banks, where the financial perspectives is moderately weak correlated at 33% with the profitability of banks while customers' perspectives are highly correlated 79% with it. However, learning and growth perspectives and internal business process perspectives as banks' profitability measures have insignificant negative correlation with banks' profitability; thus, they are not correlated with banks' profitability. In other side, The arrangement of the four dimensions of the balanced scorecard with the effect of profitability in Islamic banks operating in Palestine, is as follows: customer perspectives with 75%, financial perspectives with 42% (with advantageous effects), learning perspectives with 4%, and internal business process with 20% (with negative results). These are related to guidelines, policies, and cultures in the banking sectors operating in Palestine.

This finding agreed with the results of Abueid (2022) for all the variables, Rostami et al. (2015) and Alnajjar and Khalaf (2012) for financial perspectives; however, it is in contrast with the study of Turshan and Abdelkarim (2019) for customers' perspectives found not statistically significant.

Table 4.6.9: Correlation of balanced scorecard dimensions and profitability of the conventional banks operating in Palestine

		Profitability	Financial Perspectives	Customers Perspectives	Learning and Growth Perspectives	Internal Business Process Perspectives
Profitability	Pearson Correlation	1	.396**	.624**	-.049	-.089
	Sig. (2-tailed)		.001	.000	.692	.469
Financial Perspectives	Pearson Correlation	.396**	1	-.075	.011	.424**
	Sig. (2-tailed)	.001		.539	.931	.000
Customers Perspectives	Pearson Correlation	.624**	-.075	1	.076	-.076
	Sig. (2-tailed)	.000	.539		.533	.537
Learning and Growth Perspectives	Pearson Correlation	-.049	.011	.076	1	-.075
	Sig. (2-tailed)	.692	.931	.533		.540
Internal Business Process Perspectives	Pearson Correlation	-.089	.424**	-.076	-.075	1
	Sig. (2-tailed)	.469	.000	.537	.540	

**Correlation is significant at the 0.01 level (2-tailed).

Table 4.6.9 shows the correlation of balanced scorecard dimensions, namely financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives in relation to the profitability of conventional banks. From the table, financial perspectives and customers' perspectives as banks performance measures are positively and significantly correlated with the profitability of banks where the financial perspectives are moderately weak correlated 40% with the profitability of banks while customers' perspectives are high correlated 62% with it. However, learning and growth perspectives and internal business process perspectives as banks' profitability measures have negative insignificant correlation with banks' profitability; hence, they are not correlated with banks' profitability. In contrast, the arrangement of the four dimensions of the balanced scorecard, specifically in Palestinian conventional banks, in relation to the impact on profitability is as follows: consumer perspectives account for 68%, financial perspectives take a significant share of 47% with positive effects on quality, gaining insights

from learning and growth perspectives of 9%, and internal business process embody 30% but unfortunately with negative outcomes.

This finding agreed with the results of Abueid (2022) for all the variables, Rostami et al. (2015) and Alnajjar and Khalaf (2012) for financial perspectives; however, it is in contrast with the study of Turshan and Abdelkarim (2019) for customers' perspectives found not statistically significant.

Table 4.6.10: Correlation of balanced scorecard dimensions and profitability of all banks operating in Palestine

		Profitability	Financial Perspectives	Customers Perspectives	Learning and Growth Perspectives	Internal Business Process Perspectives
Profitability	Pearson Correlation	1	.371**	.692**	-.038	-.033
	Sig. (2-tailed)		.000	.000	.700	.735
Financial Perspectives	Pearson Correlation	.371**	1	-.020	.044	.500**
	Sig. (2-tailed)	.000		.843	.655	.000
Customers Perspectives	Pearson Correlation	.692**	-.020	1	.042	-.056
	Sig. (2-tailed)	.000	.843		.668	.571
Learning and Growth Perspectives	Pearson Correlation	-.038	.044	.042	1	-.020
	Sig. (2-tailed)	.700	.655	.668		.840
Internal Business Process Perspectives	Pearson Correlation	-.033	.500**	-.056	-.020	1
	Sig. (2-tailed)	.735	.000	.571	.840	

**Correlation is significant at the 0.01 level (2-tailed).

Table 4.6.10 shows the correlation of balanced scorecard dimensions, namely financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives in relation to the profitability of all banks. From the table, financial perspectives and customers' perspectives as banks performance measures are positively and significantly correlated with the profitability of banks, where the financial perspectives are moderately weak correlated at 37% with the profitability of banks while customers' perspectives are high correlated at 69% with it. However, learning and growth perspectives and internal business process

perspectives as banks' profitability measures have a negative insignificant correlation with banks' profitability and are not correlated with banks' profitability.

The configuration of the four dimensions of the balanced scorecard in the context of profitability in Palestinian all banks is as follows: customer perspectives with a weight of 69%, financial perspectives with a weight of 37% (with positive impacts), learning and growth perspectives with a weight of 7%, and internal business process with a weight of 27% (with negative impacts). This configuration is influenced by the regulations, policies, and cultural norms prevalent in the banking sector operating in Palestine.

This finding agreed with the results of Abueid (2022) for all the variables, Rostami et al. (2015) and Alnajjar and Khalaf (2012) for financial perspectives; however, it is in contrast with the study of Turshan and Abdelkarim (2019) for customers' perspectives found not statistically significant.

Going from the correlation results, it can be observed that financial perspectives and customers perspectives are significantly and positively correlated with the profitability of banks, moderately weak and high correlated, respectively, while learning and growth perspectives and internal business process perspectives are not correlated with the banks' profitability irrespective of whether the banks are Islamic or conventional or all the banks.

4.6.5: Regression models results

This part of the study presents the results of the regression models formulated to achieve the study's objectives. The first regression reports the regression results for examining the impact of the various dimensions of balanced scorecard on the profitability of Islamic banks operating in

Palestine; the second regression reports the regression results for examining the impact of the various dimensions of balanced scorecard on the profitability of conventional banks operating in Palestine; and the third regression reports the regression results for examining the impact of the various dimensions of balanced scorecard on the profitability of all banks (Islamic and conventional banks) operating in Palestine.

Table 4.6.11: Impact of the various dimensions of balanced scorecard on the profitability of Islamic banks operating in Palestine

Profitability	Coefficients	Std. Err.	t	P>t	[95% Conf. Interval]	
Financial Perspectives	.4182031	.1308296	3.20	0.003*	.1513744	.6850318
Customers Perspectives	.7459689	.0945651	7.89	0.000*	.5531022	.9388357
Learning and Growth Perspectives	-.0423202	.0678959	-0.62	0.538	-.1807948	.0961545
Internal Business Process Perspectives	-.1978294	.1345496	-1.47	0.152	-.4722452	.0765864
Cons	.1804342	.4812928	0.37	0.710	-.8011689	1.162037
F(4, 31)	=	20.100				
Prob > F	=	0.0000*				
R-squared	=	0.7217				
Adj R-squared	=	0.6858				

* means significant at 1% level.

Profitability = 0.18 + (0.42 * Financial Perspectives) + (0.75 * Customer Perspectives) – (0.04 * Learning and Growth Perspectives) – (0.20 * Internal Business Process Perspectives).

Table 4.6.11 reports the impact of the various dimensions of a balanced scorecard on the profitability of Islamic banks operating in Palestine. According to the table, financial perspectives and customer perspectives are significantly and positively related to the banks' profitability,. A unit change in the financial perspectives and customer perspectives will increase the banks' profitability by 0.42 and 0.75, respectively. However, learning and growth perspectives, and internal business process perspectives do not significantly impact, the banks' profitability.

The finding impliest balanced scorecard dimensions, namely financial perspectives and customer perspectives, promote the profitability of Islamic

banks operating in Palestine where the later impact is greater than that of the former, but learning and growth perspectives and internal business process perspectives are not impacting it.

This finding is in line with that of Zhang and Li (2009) in China with respect to financial perspectives and customer perspectives but in contrast with respect to internal business process perspectives; Umar and Olatunde (2011) in Nigeria with respect to customer perspectives; Dave and Dave (2012) in India with respect to the general dimensions of balanced scorecard model; in contrast with Karasneh and Al-Dahir (2012) in Jordan with respect to internal business procedure which they found significant and customer perspectives which found insignificant; Ombuna et al. (2013) in Kenya with respect to the general dimensions of balanced scorecard model; Tariq et al. (2014) in Pakistan with respect to financial perspectives and customer perspectives but in contrast with respect to learning and growth perspectives and internal business process perspectives; in contrast with Abofaied (2017) in Libya with respect to the internal process perspectives and the learning and growth perspectives; Nnamseh (2019) in Nigeria with respect customer perspectives and learning and growth perspectives but in contrast with respect to internal business process perspectives, financial perspectives; Al-Gamazi et al. (2020) with respect to the general dimensions of balanced scorecard model; Qushtom (2020) in Jordan with respect to the general dimensions of balanced scorecard model.

Diagnosing the statistical healthiness of the results

The diagnostic tests conducted to investigate the statistical healthiness which means how healthy or adequate the model is, thus, fitness of the estimates by the model. These include serial correlation /autocorrelation test, heteroscedasticity test, normality test, multicollinearity test, misspecification /omission of variable test, linearity test, outlier test, and Wald test (test of equality of coefficients).

Table 4.6.11: Autocorrelation test result for model 1

Breusch-Godfrey LM test for autocorrelation					
lags(p)			chi2	df	Prob > chi2
1			0.214	1	0.6436
H ₀ : There is no autocorrelation H ₁ : There is autocorrelation					

Table 4.6.11 shows the autocorrelation test result for the model using the Breusch-Godfrey LM test for autocorrelation. The p -value of Chi-square statistic is not significant, meaning there is no autocorrelation in the acceptance of the null hypothesis (H₀).

Table 4.6.12: Heteroscedasticity test result for model 1

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
chi2(1)	= 0.62
Prob > chi2	= 0.4292
H ₀ : There is no heteroscedasticity H ₁ : There is heteroscedasticity	

Table 4.6.12 shows the heteroscedasticity test result for the model where the p -value of the Breusch-Pagan test Chi-square statistic is insignificant, meaning that the null hypothesis (H₀) of there is no heteroscedasticity cannot be rejected.

Table 4.6.13: Normality test result for model 1

Skewness/Kurtosis tests for Normality				
Variable	Pr(Skewness)	Pr(Kurtosis) adj	chi2(2)	Prob>chi2
e	0.6864	0.9865	0.16	0.9216
H ₀ : There is normality H ₁ : There is no normality				

Table 4.6.13 shows the normality test result for the model where the p -value of the normality test Chi-square statistic is insignificant, and this portrays that there is normality in the residuals of the model, thus, accepting the null hypothesis (H₀). Moreover, though the tabular test is more convincing and straightforward, the study still gives the graphical representation of the normality test, which also reveals the same thing as shown in Figure 4.1.

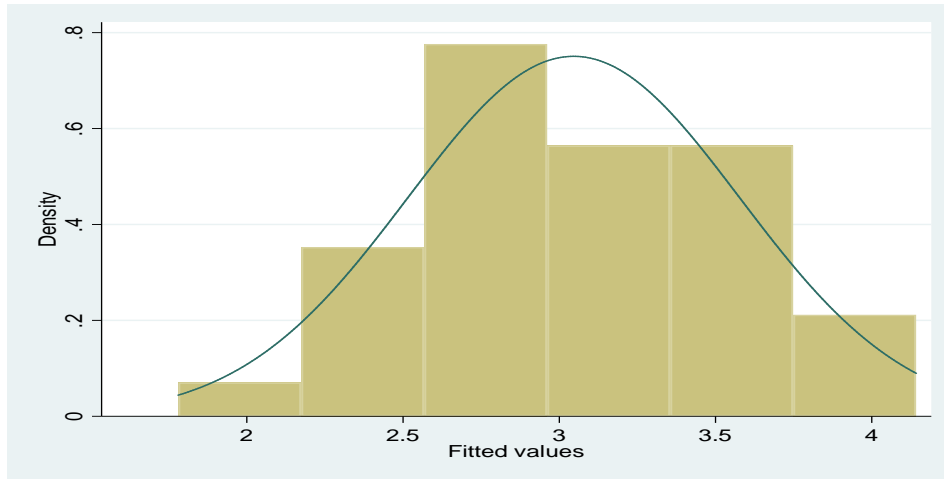


Figure 4.1: Normality test

Table 4.6.14: Multicollinearity test result for model 1

Variable	VIF	1/VIF
Internal Business Process Perspectives	1.73	0.576482
Financial Perspectives	1.70	0.587968
Customers Perspectives	1.02	0.979977
Learning and Growth Perspectives	1.02	0.983339
Mean VIF	1.37	

H_0 : There is no multicollinearity

H_1 : There is multicollinearity

Table 4.6.14 shows the multicollinearity test result for the model where the variance inflation factor (VIF) for all the variables is below 10 (Hair, J. et al. 2019). This calls for the acceptance of the null hypothesis and concludes that the model is free from the problem of multicollinearity.

Table 4.6.15: Omission of Variable test result for model 1

Ramsey RESET test using powers of the fitted values of profitability		
	F(3, 28)	= 0.17
	Prob > F	= 0.9162

H_0 : The model has no omitted variables

H_1 : The model has omitted variables

Table 4.6.15 reports the omission of variable test, also known as the misspecification test. According to the p -value of the F-statistic of the test, the null hypothesis has to be accepted because the p -value is not significant.

Linearity test result for model 1

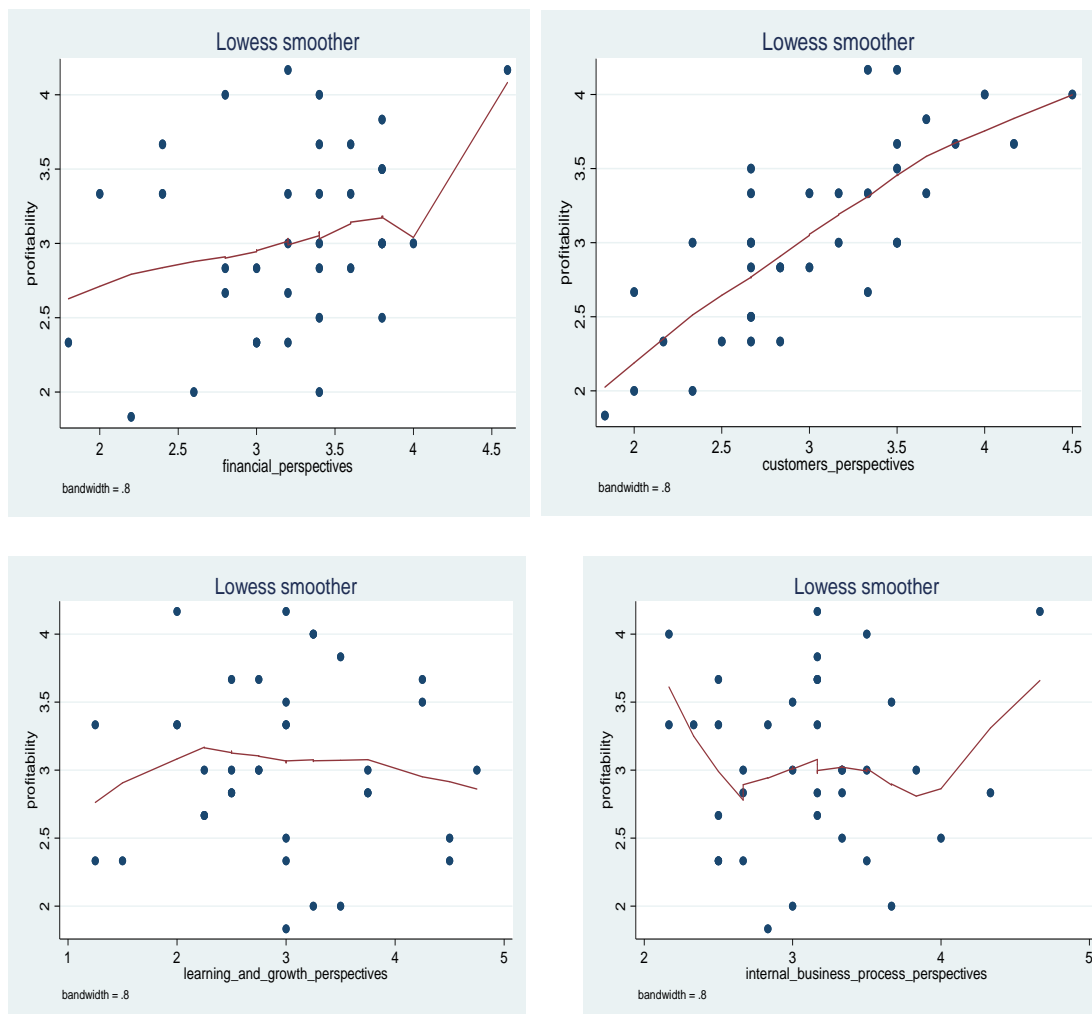


Figure 4.2: Linearity test

Figures 4.2 show the linearity test between the dependent variable (profitability) and the independent variables (financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives), where it can be observed that the relationship between the dependent variable and independent variables has no significant evidence of nonlinearity, so it is linear. Therefore, the linear model employed by the study (according to the nature of the objectives designed to be achieved by the study) in estimating the relationship is appropriate, ; hence no need for a nonlinear model in estimating the relationship.

Outlier test result for model 1

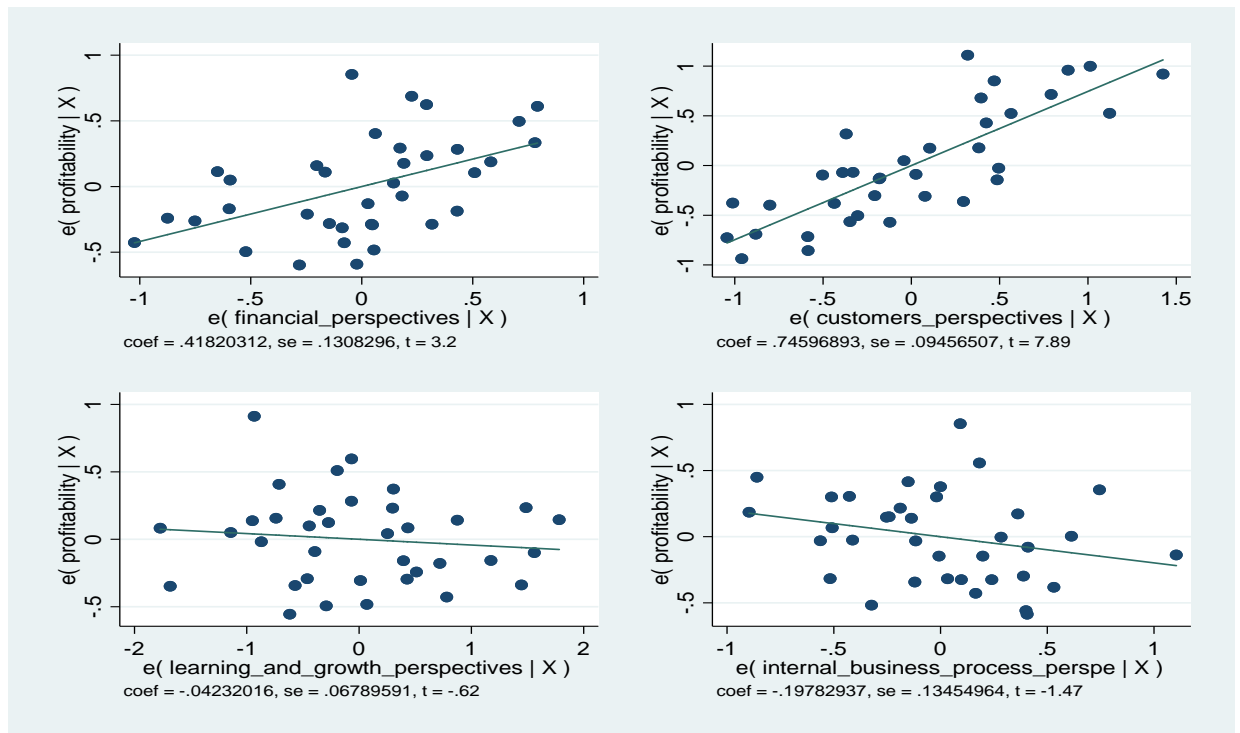


Figure 4.3: Outlier test

Figures 4.3 report the outlier test result. According to the graphs, the variables have no significant outliers.

Table 4.6.16: Wald Test (test of equality of coefficients) for model 1

Financial Perspectives – Customers Perspectives	=	0
	F(1, 31) =	3.68
	Prob > F =	0.0643
Financial Perspectives – Learning and Growth Perspectives	=	0
	F(1, 31) =	8.88
	Prob > F =	0.0056
Financial Perspectives – Internal Business Process Perspectives	=	0
	F(1, 31) =	6.58
	Prob > F =	0.0154
Customers Perspectives – Learning and Growth Perspectives	=	0
	F(1, 31) =	46.55
	Prob > F =	0.0000
Customers Perspectives – Internal Business Process Perspectives	=	0
	F(1, 31) =	36.42
	Prob > F =	0.0000
Learning and Growth Perspectives – Internal Business Process Perspectives	=	0
	F(1, 31) =	1.08
	Prob > F =	0.3062

Table 4.6.16 illustrates the Wald test (test of equality of coefficients) where it can be deduced that there are no two coefficients that are the same except that of learning and growth perspectives, and internal business process perspectives with no significant difference. Therefore, any coefficient that is less than or greater than the other is truly greater or less than except that of those two.

Table 4.6.17: Impact of the various dimensions of balanced scorecard on the profitability of conventional banks operating in Palestine

Profitability	Coefficients	Std. Err.	t	P>t	[95% Conf. Interval]	
Financial Perspectives	.4776612	.0670292	7.13	0.000*	.3437549	.6115675
Customers Perspectives	.6864932	.0762297	9.01	0.000*	.5342069	.8387795
Learning and Growth Perspectives	-.0970195	.0558447	-1.74	0.087***	-.2085821	.0145432
Internal Business Process Perspectives	-.3043503	.0840226	-3.62	0.001*	-.4722048	-.1364959
Cons	.7315643	.3894753	1.88	0.065***	-.0465021	1.509631
F(4, 31)	=	31.93				
Prob > F	=	0.0000*				
R-squared	=	0.6662				
Adj R-squared	=	0.6453				

*, **, and *** mean significant at 1%, 5%, and 10% levels, respectively.

Profitability = 0.73 + (0.48 * Financial Perspectives) + (0.69 * Customer Perspectives) – (0.09 * Learning and Growth Perspectives) – (0.30 * Internal Business Process Perspectives).

Table 4.6.17 reports the impact of the various dimensions of a balanced scorecard on the profitability of conventional banks operating in Palestine. According to the table, financial perspectives and customer perspectives are positively and significantly related to the banks' profitability, where a unit change in the financial perspectives and customer perspectives will cause an increase in the banks' profitability by 0.48 and 0.69, respectively; while learning and growth perspectives, and internal business process perspectives are negatively and significantly related to it where if the learning and growth perspectives, and internal business process perspectives continue to go the way they are going, a unit increase of such will lead to a decrease in the profitability of the banks by 0.09 and 0.3, respectively.

The finding suggests that balanced scorecard dimensions, namely financial perspectives and customer perspectives, are encouraging the profitability of conventional banks operating in Palestine where the impact of the latter is greater than that of the former but learning and growth perspectives and internal business process perspectives are not encouraging it rather damaging the growth of the profitability.

This finding is in line with that of Zhang and Li (2009) in China with respect to financial perspectives and customer perspectives but in contrast with respect to internal business process perspectives; Umar and Olatunde (2011) in Nigeria with respect to customer perspectives; Dave and Dave (2012) in India with respect to the general dimensions of balanced scorecard model; in contrast with Karasneh and Al-Dahir (2012) in Jordan with respect to internal business procedure which they found significant and customer perspectives which found insignificant; Ombuna et al. (2013) in Kenya with respect to the general dimensions of balanced scorecard model; Tariq et al. (2014) in Pakistan with respect to financial perspectives and customer perspectives but in contrast with respect to learning and growth perspectives and internal business process perspectives; in contrast with Abofaied (2017) in Libya with respect to the internal process perspectives and the learning and growth perspectives; Nnamseh (2019) in Nigeria with respect customer perspectives and learning and growth perspectives but in contrast with respect to internal business process perspectives, financial perspectives; Al-Gamazi et al. (2020) with respect to the general dimensions of balanced scorecard model; Qushtom (2020) in Jordan with respect to the general dimensions of balanced scorecard model.

Diagnosing the statistical healthiness of the results

Table 4.6.18: Autocorrelation test result for model 2

Breusch-Godfrey LM test for autocorrelation			
lags(p)	chi2	df	Prob > chi2
1	1.997	1	0.1576

H₀: There is no autocorrelation
H₁: There is autocorrelation

Table 4.6.18 shows the autocorrelation test result for the model where the Breusch-Godfrey LM test for autocorrelation was used, and the *p*-value of the Chi-square statistic is insignificant ;therefore, there is no autocorrelation.

Table 4.6.19: Heteroscedasticity test result for model 2

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
chi2(1)	= 0.49
Prob > chi2	= 0.4846

H₀: There is no heteroscedasticity
H₁: There is heteroscedasticity

Table 4.6.19 shows the heteroscedasticity test result for the model where the *p*-value of the Breusch-Pagan test Chi-square statistic is insignificant; hence, there is no heteroscedasticity.

Table 4.6.20: Normality test result for model 2

Skewness/Kurtosis tests for Normality				
Variable	Pr(Skewness) Pr(Kurtosis) adj		chi2(2)	Prob>chi2
e	0.3771	0.9455	0.18	0.6685

H₀: There is normality
H₁: There is no normality

Table 4.6.20 shows the normality test result for the model where the *p*-value of the normality test Chi-square statistic is not significant, meaning there is normality in the model's residuals, meaning there is normality in the model's residuals. In addition, using the graphical representation of the normality test, the same thing was revealed as shown in Figure 4.4.

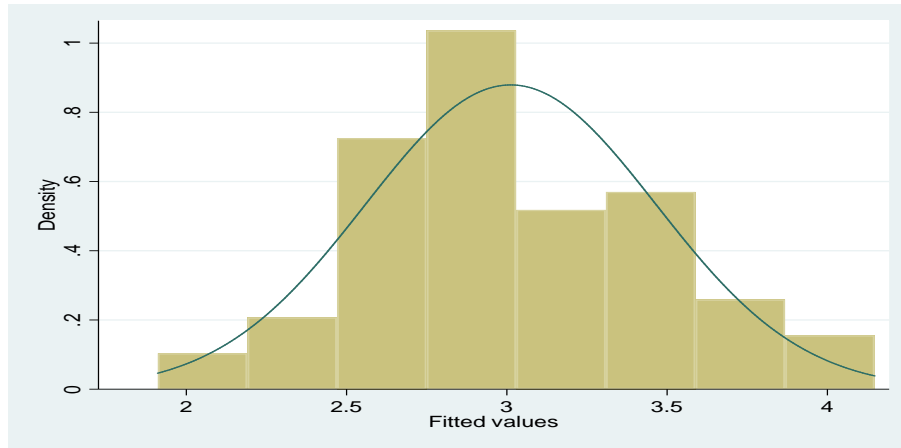


Figure 4.4: Normality test

Table 4.6.21: Multicollinearity test result for model 2

Variable	VIF	1/VIF
Internal Business Process Perspectives	1.23	0.812482
Financial Perspectives	1.23	0.816281
Customers Perspectives	1.01	0.986677
Learning and Growth Perspectives	1.01	0.986823
Mean VIF	1.12	

H_0 : There is no multicollinearity

H_1 : There is multicollinearity

Table 4.6.21 shows the multicollinearity test result for the model where the variance inflation factor (VIF) for all the variables is below 10, concluding that the model is free from the multicollinearity problem.

Table 4.6.22: Omission of Variable test result for model 2

Ramsey RESET test using powers of the fitted values of profitability		
	F(3, 28)	= 0.63
	Prob > F	= 0.5976

H_0 : The model has no omitted variables

H_1 : The model has omitted variables

Table 4.6.22 reports the omission of variable test. According to the p -value of the F-statistic of the test, the null hypothesis has to be accepted because the p -value is insignificant.

Linearity test result for model 2

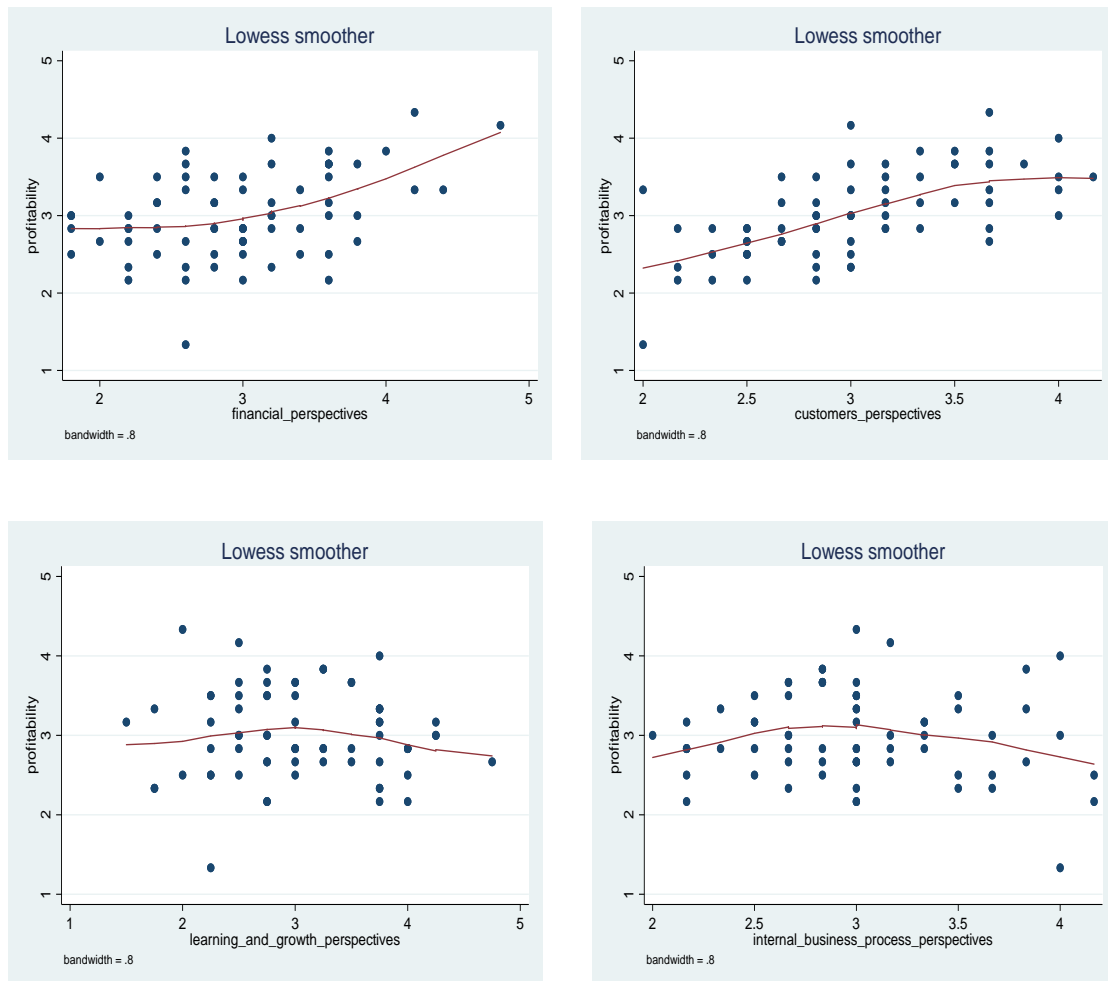


Figure 4.5: Linearity test

Figures 4.5 show the linearity test between the dependent variable (profitability) and the independent variables, where it can be observed that the relationship between the dependent variable and independent variables has no significant evidence of nonlinearity, so it is linear. Thus, the linear model employed by the study (according to the nature of the objectives designed to be achieved by the study) in estimating the relationship is appropriate, ; hence no need for a nonlinear model in estimating the relationship.

Outlier test result for model 2

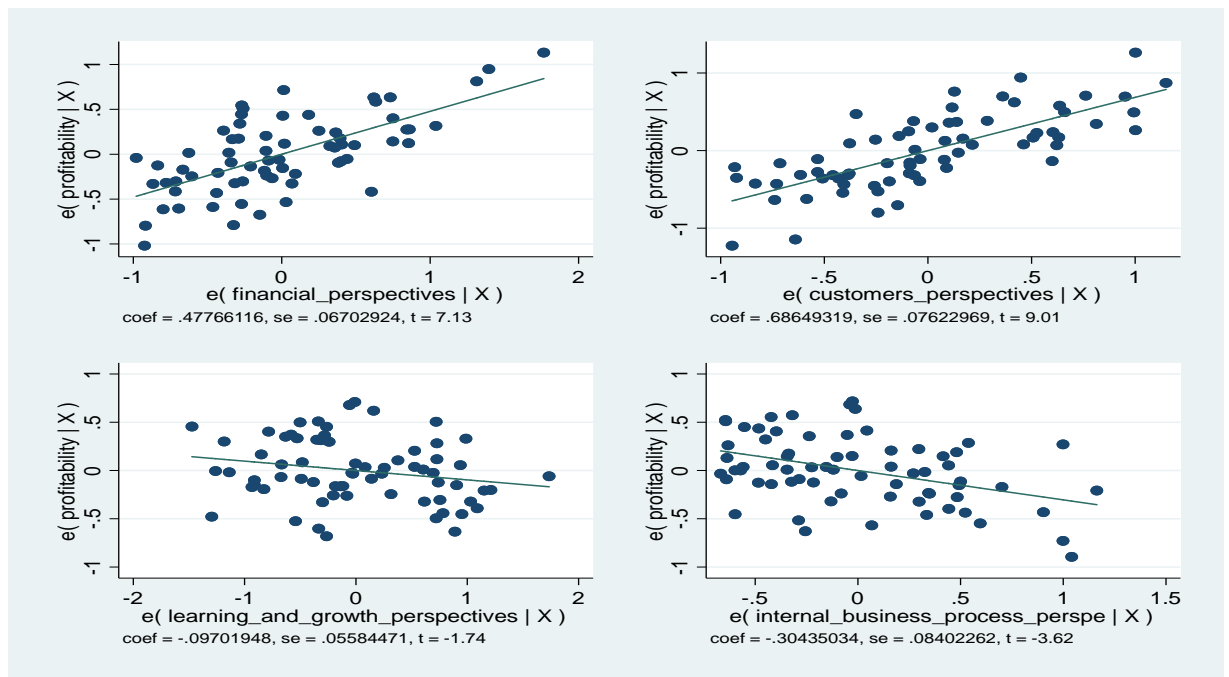


Figure 4.6: Outlier test

Figures 4.6 report the outlier test result, and based on these figures, the variables have no significant outliers.

Table 4.6.23: Wald Test (test of equality of coefficients) for model 2

Financial Perspectives – Customers Perspectives	=	0
F(1, 31) =		4.46
Prob > F =		0.0386
Financial Perspectives – Learning and Growth Perspectives	=	0
F(1, 31) =		41.33
Prob > F =		0.0000
Financial Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		37.48
Prob > F =		0.0000
Customers Perspectives – Learning and Growth Perspectives	=	0
F(1, 31) =		64.25
Prob > F =		0.0000
Customers Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		79.60
Prob > F =		0.0000
Learning and Growth Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		4.58
Prob > F =		0.0362

Table 4.6.23 illustrates the Wald test (test of equality of coefficients) where it can be deduced that there are no two coefficients that are the same. So,

any coefficient in the model that is less than or greater than the other is truly greater or less than.

Table 4.6.24: Impact of the various dimensions of balanced scorecard on the profitability of all banks operating in Palestine

Profitability	Coefficients	Std. Err.	t	P>t	[95% Conf. Interval]	
Financial Perspectives	.4581112	.0579669	7.90	0.000*	.3431065	.573116
Customers Perspectives	.7083317	.0579421	12.22	0.000*	.5933762	.8232872
Learning and Growth Perspectives	-.0706428	.0420099	-1.68	0.096***	-.1539891	.0127036
Internal Business Process Perspectives	-.2699838	.0692126	-3.90	0.000*	-.4072996	-.1326679
Cons	.5171958	.2951255	1.75	0.083***	-.0683248	1.102716
F(4, 31) = 53.54						
Prob > F = 0.0000*						
R-squared = 0.6817						
Adj R-squared = 0.6689						

* and *** mean significant at 1% and 10% levels, respectively.

Profitability = 0.52 + (0.46 * Financial Perspectives) + (0.71 * Customer Perspectives) – (0.07 * Learning and Growth Perspectives) – (0.27 * Internal Business Process Perspectives).

Table 4.6.24 reports the impact of the various dimensions of a balanced scorecard on the profitability of all banks operating in Palestine. According to the table, financial perspectives and customer perspectives are positively and significantly related to the banks' profitability, where a unit change in the financial perspectives and customer perspectives will cause an increase in the banks' profitability by 0.46 and 0.71, respectively; while learning and growth perspectives, and internal business process perspectives are negatively and significantly related to it where if the learning and growth perspectives, and internal business process perspectives continue to go the way they are going, a unit increase of such will lead to a decrease in the profitability of the banks by 0.07 and 0.27, respectively.

The finding suggests that balanced scorecard dimensions, namely financial perspectives and customer perspectives, are encouraging the profitability of all banks operating in Palestine where the impact of the latter is greater

than that of the former but learning and growth perspectives and internal business process perspectives are impeding the growth of the profitability.

This finding on that financial perspectives and customer perspectives are promoting banks' profitability, is in line with that of Zhang and Li (2009) in China with respect to financial perspectives and customer perspectives but in contrast with respect to internal business process perspectives; Umar and Olatunde (2011) in Nigeria with respect to customer perspectives; Dave and Dave (2012) in India with respect to the general dimensions of balanced scorecard model; in contrast with Karasneh and Al-Dahir (2012) in Jordan with respect to internal business procedure which they found significant and customer perspectives which found insignificant; Ombuna et al. (2013) in Kenya with respect to the general dimensions of balanced scorecard model; Tariq et al. (2014) in Pakistan with respect to financial perspectives and customer perspectives but in contrast with respect to learning and growth perspectives and internal business process perspectives; in contrast with Abofaied (2017) in Libya with respect to the internal process perspectives and the learning and growth perspectives; Nnamseh (2019) in Nigeria with respect customer perspectives and learning and growth perspectives but in contrast with respect to internal business process perspectives, financial perspectives; Al-Gamazi et al. (2020) with respect to the general dimensions of balanced scorecard model; Qushtom (2020) in Jordan with respect to the general dimensions of balanced scorecard model.

Diagnosing the statistical healthiness of the results

Table 4.6.25: Autocorrelation test result for model 3

Breusch-Godfrey LM test for autocorrelation			
lags(p)	chi2	df	Prob > chi2
1	0.378	1	0.5388
H ₀ : There is no autocorrelation			
H ₁ : There is autocorrelation			

Table 4.6.25 shows the autocorrelation test result for the model where the Breusch-Godfrey LM test for autocorrelation was used. The p -value of the Chi-square statistic is insignificant, and thus, there is no autocorrelation.

Table 4.6.26: Heteroscedasticity test result for model 3

Breusch-Pagan / Cook-Weisberg test for heteroskedasticity	
chi2(1)	= 0.01
Prob > chi2	= 0.9058
H ₀ : There is no heteroscedasticity	
H ₁ : There is heteroscedasticity	

Table 4.6.26 shows the heteroscedasticity test result for the model where the p -value of the Breusch-Pagan test Chi-square statistic is insignificant; hence, there is no heteroscedasticity.

Table 4.6.27: Normality test result for model 3

Skewness/Kurtosis tests for Normality				
Variable	Pr(Skewness) adj	Pr(Kurtosis)	chi2(2)	Prob>chi2
E	0.6978	0.6033	0.43	0.8082
H ₀ : There is normality				
H ₁ : There is no normality				

Table 4.6.27 shows the normality test result for the model where the p -value of the normality test Chi-square statistic is not significant, meaning there is normality in the model's residuals, meaning there is normality in the model's residuals. In addition, using the graphical representation of the normality test, the same thing was revealed as shown in Figure 4.7.

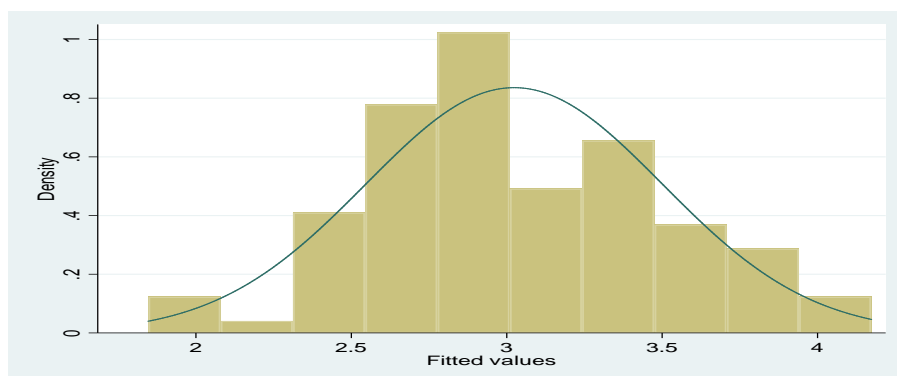


Figure 4.7: Normality test

Table 4.6.28: Multicollinearity test result for model 3

Variable	VIF	1/VIF
Internal Business Process Perspectives	1.34	0.745803
Financial Perspectives	1.34	0.746583
Customers Perspectives	1.01	0.994046
Learning and Growth Perspectives	1.00	0.995110
Mean VIF	1.17	

H₀: There is no multicollinearity
H₁: There is multicollinearity

Table 4.6.28 shows the multicollinearity test result for the model where the variance inflation factor (VIF) for all the variables is below 10, concluding that the model is free from the multicollinearity problem.

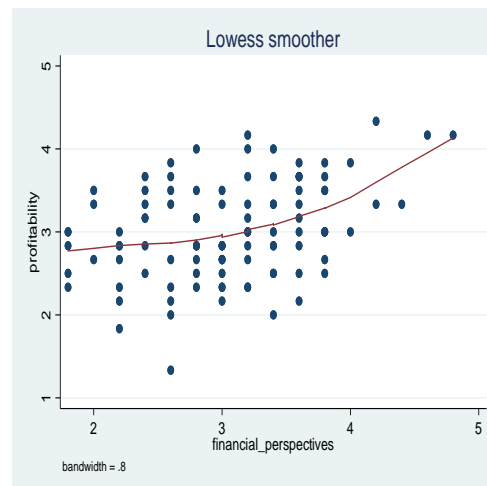
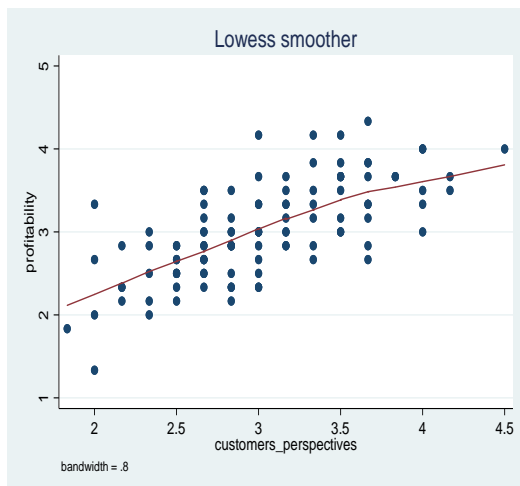
Table 4.6.29: Omission of Variable test result for model 3

Ramsey RESET test using powers of the fitted values of profitability		
	F(3, 28)	= 0.39
	Prob > F	= 0.7579

H₀: The model has no omitted variables
H₁: The model has omitted variables

Table 4.6.29 reports the omission of variable test. According to the *p*-value of the F-statistic of the test, the null hypothesis has to be accepted because the *p*-value is insignificant.

Linearity test result for model 3



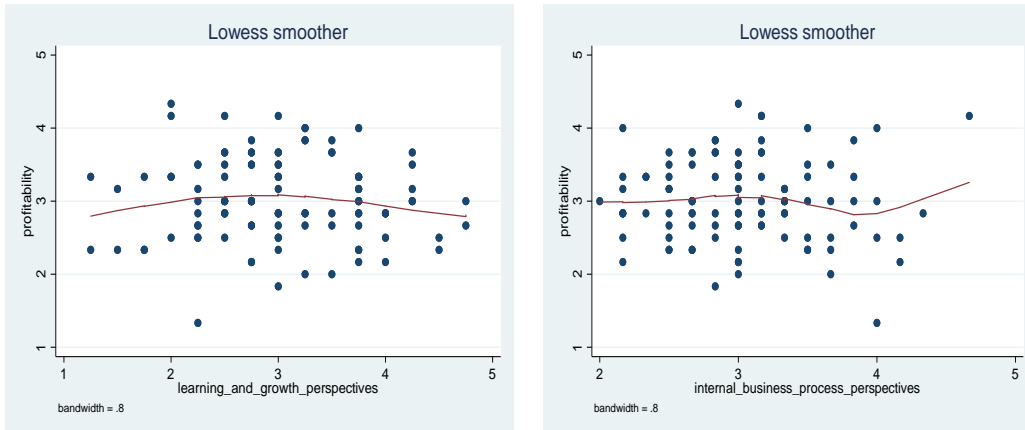


Figure 4.8: Linearity test

Figures 4.8 show the linearity test between the dependent variable (profitability) and the independent variables, where it can be observed that the relationship between the dependent variable and independent variables has no significant evidence of nonlinearity, so it is linear. Therefore, the linear model employed by the study in estimating the relationship is appropriate, which means no need for a nonlinear model in estimating the relationship.

Outlier test result for model 3

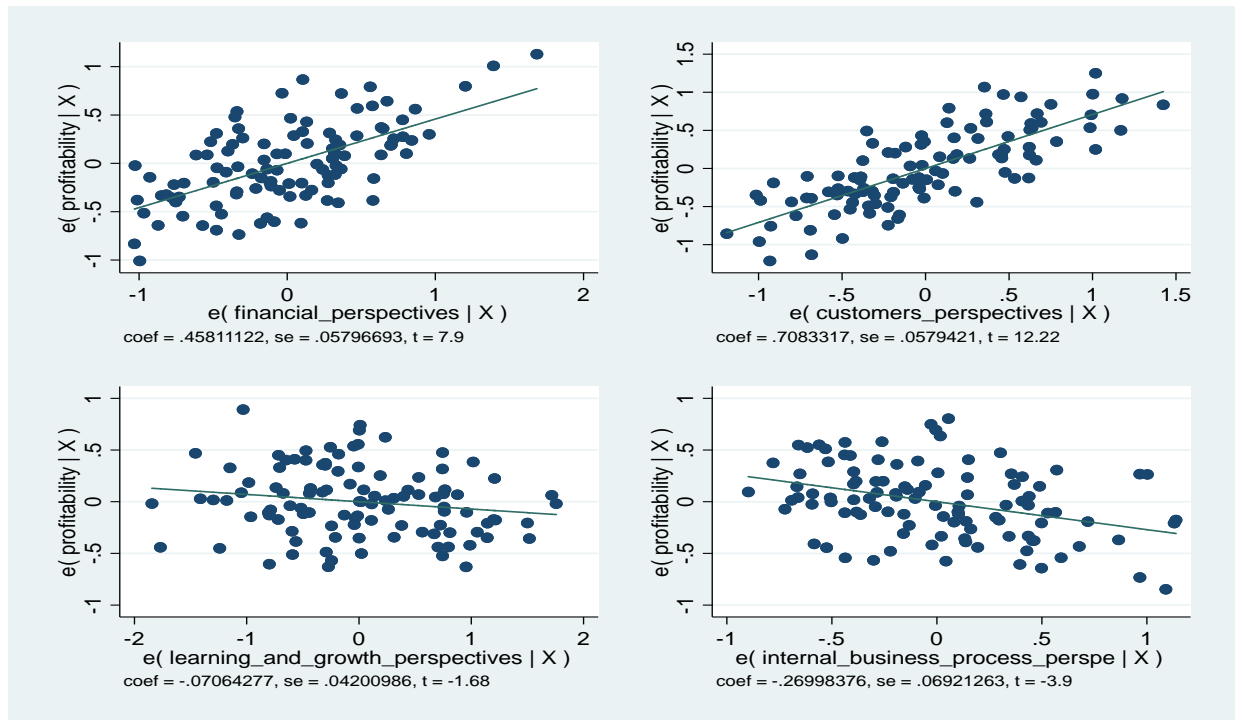


Figure 4.9: Outlier test

Figures 4.9 report the outlier test result; based on these figures, the variables have no significant outliers.

Table 4.6.30: Wald Test (test of equality of coefficients) for model 2

Financial Perspectives – Customers Perspectives	=	0
F(1, 31) =		9.25
Prob > F =		0.0030
Financial Perspectives – Learning and Growth Perspectives	=	0
F(1, 31) =		51.51
Prob > F =		0.0000
Financial Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		43.54
Prob > F =		0.0000
Customers Perspectives – Learning and Growth Perspectives	=	0
F(1, 31) =		114.04
Prob > F =		0.0000
Customers Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		123.73
Prob > F =		0.0000
Learning and Growth Perspectives – Internal Business Process Perspectives	=	0
F(1, 31) =		6.32
Prob > F =		0.0135

Table 4.6.30 illustrates the Wald test (test of equality of coefficients), where from the table, it can be deduced that no two coefficients are the same. So, any coefficient in the model that is less than or greater than the other is truly greater or less than.

Comparison between the results

Comparison between the results of the two models, i.e., the results presented in Tables 4.6.11 and 4.6.17, for Islamic and conventional banks, respectively. When comparing the nature of the impacts of the various dimensions of a balanced scorecard on the profitability of the Islamic and conventional banks operating in Palestine, the similarities are that in each of the two groups of the banks, financial perspectives and customer perspectives are developing the profitability of the banks and the impact of the later is greater than that of the former; while the differences are that in the Islamic banks though learning and growth perspectives, and internal business process perspectives negatively related with the profitability of the bnaks and their effect is not significant; in the conventional banks, they are

negatively related with the profitability of the banks but their effect is significant which means that the way they are running is doing damage to the growth of the banks' profitability. Furthermore, the impact of financial perspectives in conventional banks is higher than in Islamic banks, but that of customer perspectives is higher in Islamic banks than in conventional banks.

Comparison among the results of the three models, i.e., the results presented in Tables 4.6.11, 4.6.17, and 4.6.24 for Islamic, conventional, and all banks, respectively. When comparing the nature of the impacts of the various dimensions of a balanced scorecard on the profitability of the Islamic, conventional, and a banks operating in Palestine, with regard to all banks operating in Palestine, the finding suggests that financial perspectives and customer perspectives are encouraging the profitability of all banks operating in Palestine just like in the Islamic and conventional banks, and also the impact of the later is greater than that of the former; just like in the Islamic and conventional banks; likewise, learning and growth perspectives and internal business process perspectives are not only negatively related with the banks' profitability as in the Islamic banks but also damaging the banks' profitability as in the conventional banks.

So, the results of the Islamic, conventional and all banks are the same except in the case where learning and growth perspectives and internal business process perspectives are not only negatively related with the banks' profitability as in the Islamic banks but also damaging the conventional and all banks' profitability. Therefore, the result of the conventional banks and that of all the banks is similar but slightly different from that of the Islamic banks.

4.6.6: Discussion of Hypothesis based on findings and literature review

Table 4.6.31 summarizes the results based on the hypothesis and the trial or rejection of the null hypothesis.

Table 4.6.31: Summary of Hypothesis Testing

Research Hypotheses	Hypotheses	Testing Results
H ₀₁ : Hypothesis	Financial perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.	Reject
H ₀₂ : Hypothesis	Customers' perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.	Reject
H ₀₃ : Hypothesis	Learning and growth perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.	Accept
H ₀₄ : Hypothesis	Internal business process perspectives do not significantly impact the profitability of Islamic and conventional banks operating in Palestine.	Accept

After summarizing the hypothesis testing, the research discussed the hypothesis based on the finding and literature review. Although, the results of the study generally agree with the findings of many researchers, such

as Aiao and Esther (2013), Malgwi and Dahirue(2014), Ban Sadik (2015), Aben Sahiti (2019), Tran Trung Tuan (2019), and Abueid (2023); however, there is a slightly difference between the findings of this study and others, such as Bayad Jamal Ali (2023) who consist of one dimension of a balanced scorecard which is an internal business process only and other conditions outside the firms.

Furthermore, there are many differences between the findings of this study and that of Abueid (2023), who found all dimensions of the balanced scorecard to have a significant and positive relationship to the performance of the banks, though internal business process and learning is negative. So, the researcher recommends that other researchers and banks administration research why this relationship is negative. In addition, Abueid found that the strongest dimension is learning and growth, customers' perspectives, and financial perspectives.

Chapter 5: Finding, Conclusion, and Recommendations

5.1: Introduction

5.2: Finding

5.3: Conclusion

5.4: Suggestions for the same study

5.5: Recommendations

References

Appendix

5.1 Introduction

This study has examined the impact of the various dimensions of balanced scorecards (BSC), namely financial perspectives, customers' perspectives, learning and growth perspectives, and internal business process perspectives on the profitability of Islamic and conventional banks operating in Palestine. The survey included thirteen banks that perform in Hebron district, and the questionnaire is addressed to 110 respondents (personnel), which include department managers, deputy department managers, branch heads, and the controller. The research retrieved one hundred and five questionnaires (105) filled questionnaire, i.e., 96%, while five (5), i.e., 4% were returned empty. There are no statistical differences in the gender of the respondents and the type of bank in which the respondents work. However, the research used SPSS and STATA software to execute the analysis. The tools/methods used include means and standard deviation procedure, correlation analysis, and multiple regression analysis regression analysis is famous for analyzing an intensive composite impact of BSC dimensions on organizations' performance.

5.2: Finding

- 1- The actual outcomes of using the BSC method for classifying financial organizations showed a median of 3.02 (mean) with a cutting-edge deviation of 0.54, the regular effect of everyday monetary overall performance on the profitability of a financial organization is 3.02 (not an unusual place), with a famous deviation of 0.57. This indicates that the staff is nicely acquainted with how the staleness sheet scorecard's usage affects Palestinian banks' profitability.
- 2- Most bankers agreed with the balanced scorecard, with an average of 3.03. On average, from 3.09 ± 1.40 , the bulk of people agreed with

the usual symptoms and the medium-term profitability of the monetary institute.

- 3- From the correlation results, financial perspectives and customers perspectives are significantly and positively correlated with the profitability of banks, moderately weak and high correlated, respectively; while learning and growth perspectives and internal business process perspectives are not correlated with the banks' profitability, irrespective of whether the banks are Islamic or conventional or all the banks.
- 4- From the multiple regression results, when examining the impact of the various dimensions of balanced scorecard on the profitability of Islamic and conventional banks operating in Palestine, the findings revealed that balanced scorecard dimensions, namely financial perspectives and customer perspectives are promoting the profitability of Islamic banks operating in Palestine where the impact of the later is greater than that of the former but learning and growth perspectives and internal business process perspectives are negative but have no significant damaging effect on the banks' profitability; thus, they are a little going in the wrong direction. In addition, in conventional banks operating in Palestine too, financial perspectives and customer perspectives encourage the profitability of the banks where the impact of the latter is greater than that of the former too; but learning and growth perspectives and internal business process perspectives are negative and significantly damaging the banks' profitability; thus, they are greatly going in the wrong direction.
- 5- Moreover, when comparing the nature of the impacts of the various dimensions of a balanced scorecard on the profitability of the Islamic and conventional banks operating in Palestine, the similarities are that in each of the two groups of banks, financial perspectives and

customer perspectives are developing the profitability of the banks and the impact of the later is greater than that of the former; while the differences are that in the Islamic banks though learning and growth perspectives, and internal business process perspectives negatively related with the profitability their effect is not significant whereas in the conventional banks, they are negatively and significantly affecting it which means doing damage the growth of the profitability. Furthermore, the impact of financial perspectives in conventional banks is higher than in Islamic banks, but that of customer perspectives is higher in Islamic banks than in conventional banks.

- 6- Furthermore, with regard to all banks operating in Palestine, the finding suggests that, like in the Islamic and conventional banks, financial perspectives and customer perspectives are encouraging the profitability of all banks operating in Palestine where the impact of the latter is greater than that of the former but learning and growth perspectives; however, learning and growth perspectives and internal business process perspectives are negatively affecting the banks' profitability.

5.3 Conclusion

This study concluded that balanced scorecard dimensions, namely financial perspectives and customer perspectives, are promoting the profitability of banks operating in Palestine where the impact of the latter is greater than that of the former irrespective of whether the bank is Islamic or conventional; however, learning and growth perspectives and internal business process perspectives are damaging the profitability of conventional banks, but for Islamic banks the damaging effect is negligible. Moreover, in comparison, in each of the two groups of banks, the impact of financial perspectives in the conventional banks is higher than in the

Islamic banks, but that of customer perspectives is higher in the Islamic banks than in the conventional banks.

5.4: Suggestions for future study

Researchers can pay attention to the equal framework in exceptional worldwide places and super sectors. Moreover, upcoming researchers also can study the impact of BSC on numerous operational levels, similar to the going for walks, middle, and pinnacle levels, to determine the amount of its impact on every stage. Also project additional studies on more determinants of the effect of adopting the Balanced Scorecard (BSC) as a strategic planning tool at the typical financial overall performance and profitability of banks walking in Palestine, similar to an examination of the effect of the BSC at the same time as taking this observe model to greater banks working in Palestine or extraordinary international locations to generate the consequences and apprehend the internal and external factors that impact the success of using balanced scorecard card models in banking sectors in Palestine.

5.5: Recommendations:

1. Banks operating in Palestine should use the four-part version of the Balanced Scorecard (BSC) as a closed tool for rational leadership and managerial decision-making.
2. Banks operating in Palestine should pay more attention to the various dimensions of BSC, especially learning and growth perspectives, and internal business process perspectives and the relationship between these ideas and the general indicators of banks and why their profitability is good.
3. Build indicators to measure customer satisfaction with an internal approach to sales and training business at BSC.

4. Do thorough research on the experience of some of the factors that led to the decline of the BSC indicators as a tool for strategic planning in the financial model and the normal activity and profitability of banks operating in Palestine BSC error.
5. Look at the nature of the financial institution (Islamic or commercial, domestic and foreign) to understand why changing people does not affect its appearance.
6. Employees must be exposed to the BSC model and its thoughts via non-save-you education to ensure accuracy, sufficient software program application packages, and implementation are in place for ordinary, usual overall performance and maximizing profitability in banks.
7. It will create a road for a full-fledged enterprise with a capacity consumer, a financial inner enterprise technique, mastery, and growth attitude.
8. Efforts need to be made to make sure that strategies discovered in banking operations align with the patron's mindset in the direction of the BSC model to ensure that, at the element level, errors and inadequacies will no longer be recorded.

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Appendix

Questionnaire

Dear Participant ,

The researcher prepares a research paper entitled " The impact of using balanced scorecard in profitability of banks in Palestine" , knowing that the balanced scorecard means ; a set of measures that include the following dimensions; (Financial prespective, Customers prespective, learning and growth prespective, and internal business process prespective) to measure the impact of using balanced scorecard in profitability of banks.

As you one of banks employees and for for the importance of your point of view which will enrich this paper . Please answer all the paragraphs of this questionnaire accurately and objectively , knowing that your information will be used for the purpose of this research .

With all my respect and appreciation .

Researcher: Mutaz Nawaj'a

First : Personal information Please answer the following questions, by ticking (√) the appropriate box .

1-Gender :

Male () Female ()

2-Education Degree :

Tawjehe and beneash ()

Diploma ()

Bachelor ()

Post graduate ()

3-The bank you work in :

Arab bank ()

- Cairo Amman bank ()
 Palestine bank ()
 Alquds bank ()
 Jordan bank ()
 Palestine investment bank ()
 Housing bank ()
 The national bank ()
 Jordan Ahli bank ()
 Palestine Islamic bank ()
 Arab Islamic bank ()
 Al Safa bank ()

4-The branch of the bank you work in:

- Ein- Sara() Alshalala() Sibta square () wadi Altofah()
 Ras aljora ()
 Alsalam street () Almanara ()
 Bin Roshed () Middle of the city ()

5-The kind of bank you work in :

- National () Foreign ()

6-Job title :

- Branch manager ()
 Deputy branch manager ()
 Head of the department ()
 Observer ()

Second: the reality of applying the **BSC** approach in bank which operate in this approach consist of four prespectives (Financial prespective, Customers prespective, learning and growth prespective, and internal business process prespective .

No.	Paragraphs	1	2	3	4	5
• Financial prespective (Raed Abueid,2022)						
1	The bank verifies that the financial return is appropriate with the expectations of the owners.					
2	The bank verifies that the use of the balanced performance standerd increases the banks profitability and adds to it anow economic value regulary.					
3	The bank verifies that the use of the balanced scorecard increases the banks cash flows.					
4	The bank verifies that the used of the balanced performance standard leads to the financial growth to the bank.					
5	The bank verifies the refund of the owners capital.					
• Customers prespective (Raed Abueid,2022)						
1	The bank applies the customer retention standard by increasing the amount of transactions and contacting them constantly .					
2	The bank evaluates customer retention critenion through the number of customers who left dealing with the bank.					
3	The bank practices customers profitability through achieving fair and satisfactory profit.					
4	The bank applies the fair market share criterion which balances available organizational capabilities and large market share.					
5	The time spent to provide the service is suitable to the normal time for that service.					
6	Customer loyalty can be obtained through providing banking services in apossible least time and immediate responding to customer complaints.					

• Internal business process prespective (Raed Abueid,2022)					
1	The standard of mastery and provide the service which applied in the bank competes global standards.				
2	The bank applies the efficiency standard in treating the available resources.which determines the level of benefits available capital absorptive capacity.				
3	The bank practices the productivity standard through supplying the needs of customers which makes the service with high quality and desired by customers.				
4	The bank always strive to develop and improve service, staff skills and information technology				
• Learning and growth prespective (Raed Abueid,2022)					
1	The bank practice the standard of employees satisfaction				
	through meeting their needs that with their abilities and qualifications				
2	The bank provide educational skills with are appropriate for individual				
3	The banks prachices the standard of an employee profitability via achieving fair profit through his capability to achieve economic value to the bank				
4	The bank applies the standard of employees retention by meeting his financial needs , moral and habilitation				
5	The bank has high percentage of employees who have distinguished and useful experience				
6	The employees in the bank cling to their jobs and they do not search for alternatives				
Third: The effect of financial performance in profitability of banks					
1	Over the past three years , the financial institution overall monetary performance has passed of competitors.				

2	The past three years had been worth for the financial institution compared to different competitors .					
3	Over the past three years, the banks income has handed that of compaitors .					
4	The bank deliver chain companies and pool economice resources.					
5	Return on belonging has been sustainable extended through supply chain integration.					
6	The Sales fee for number one clients has been markedly progressed through deliver chain integration.					

Key Score : 1= Strongly agree ; 2= agree ; 3= less agree; 4= Disagree;5= Strongly disagree .

Thanks to all.