

MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN
AZERBAIJAN STATE ECONOMIC UNIVERSITY
INTERNATIONAL MAGISTRATION AND DOCTORATE CENTER

“DEVELOPMENT OF ELECTRON BANKING ACTIVITIES IN UAE”

On the topic

MASTER THESIS

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MASTER DISSERTATION

ON THE TOPIC

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Elm andı

Mən, Nouf Saeed Alshehhi, and içirəm ki, “Development of electron banking activities in UAE” mövzusunda magistr dissertasiyasını elmi əxlaq normalarına və istinad qaydalarına tam riayət etməklə və istifadə etdiyim bütün mənbələri ədəbiyyat siyahısında əks etdirməklə yazmışam.

“BƏƏ-DƏ ELEKTRON BANK FƏALİYYƏTİNİN İNKİŞAFI”

XÜLASƏ

Tədqiqatın aktuallığı: Maliyyə sektoru BƏƏ-nin ən güclü sahələrindən biridir və ölkənin, bölgənin və dünyanın müştərilərinə geniş xidmətlər təqdim edən müxtəlif yerli və xarici banklardan ibarətdir. Deməli, ölkənin maliyyə mərkəzinə çevrilməsi bank və maliyyə sahəsində müasir texnologiyaların tətbiqi ilə bağlı sual doğurur.

Dünyada elektron bankçılığın inkişaf etdiyi bir dövrdə və rəqəmsal bankların özləri əhəmiyyətli banklardan müstəqil təşkilatlara çevrildiyi bir vaxtda BƏƏ-də rəqəmsal bankçılıq fəaliyyətini nəzərdən keçirmək və mövcud vəziyyətini qiymətləndirmək maraqlıdır.

Tədqiqatın məqsəd və vəzifələri: Tədqiqat işinin məqsədi BƏƏ-də elektron bank aktivliyinin inkişafını təhlil etməkdir.

Bu məqsədə nail olmaq aşağıdakı vəzifələri zəruri etdi::

- BƏƏ-də bank sistemini və maliyyə qurumlarını nəzərdən keçirmək;
- Rəqəmsal bankçılıqda tətbiq olunan müxtəlif sistem və texnologiyaların ətraflı təsvirini nəzərdən keçirmək;
- BƏƏ-nin bankçılıqda müxtəlif texnologiyalar tətbiq edən real hallarını təqdim etmək.

Tədqiqatın metodları: Tədqiqatın metodoloji əsaslarını maliyyə bazarlarının dinamikası nəzəriyyəsi, bankçılığa nəzarət və tənzimləmə, bankçılıq, elektron bank xidmətləri və s. təhlil etməyə imkan verən statistik metodların istifadəsi təşkil edir.

Tədqiqatın informasiya bazası: Tədqiqatın informasiya bazası BƏƏ Mərkəzi Bankının, Abu Dabi İnvestisiya Təşkilatının, İqtisadi Əməkdaşlıq və İnkişaf Təşkilatının məlumat bazası, Dünya Bankının veb saytından və BƏƏ-nin bank və maliyyə sistemi haqqında məlumat verən onlayn xidmətlərdən ibarətdir.

Tədqiqatın məhdudiyyətləri: Tədqiqatın məhdudiyyəti ondadır ki, mövzuya aid elektron ədəbiyyatın azlığı təşkil edir.

Tədqiqatın nəticələri: BƏƏ-də yeniliklərin tətbiqi müxtəlif hallarda müzakirə olunsa da, BƏƏ-də xüsusi elektron bank xidmətlərinin tətbiqinə hərtərəfli araşdırılmamışdır. Tədqiqat işində bank sistemi rəqəmsal bank xidmətlərinin tətbiqi və tarixi bir kontekstdə inkişafı ilə bağlı hərtərəfli təsvir olunur.

Bundan əlavə, rəqəmsal bank xidmətləri həm yerli, həm də xarici banklar üçün ayrıca müzakirə edilmişdir, bu da ölkənin bank sisteminin yeniliyini həmkarları ilə müqayisədə daha əhatəli və yeni edir.

Nəticələrin elmi-praktik əhəmiyyəti: Praktiki olaraq, BƏƏ-dəki banklara müxtəlif elektron bank xidmətlərinin mümkün tətbiqi barədə hərtərəfli məlumat verilmişdir və bu da digər ölkələrin bu təcrübədən istifadə etməsinə kömək edə bilər.

Açar sözlər: BƏƏ, bank, maliyyə, elektron, texnologiya, ölkə

“DEVELOPMENT OF ELECTRON BANKING ACTIVITIES IN UAE”

SUMMARY

The actuality of the subject: The financial sector uses local and foreign banks to connect with the UAE's best partners and other partners in the region and the world.

It is interesting to review the commercial banking activity with the UAE and improve your situation at a time when the development and development period of e-banking in the world and the development banks are developing independently.

Purpose and tasks of the research: The aim of the study is to analyze the development of e-banking activity in the UAE.

Used research methods: The methodological basis of the research is the theory of financial market dynamics, banking supervision and regulation, banking, e-banking services, etc. organizes the use of statistical methods that allow analysis.

The information base of the research:: The research database includes a database of the Central Bank of the UAE, the Abu Dhabi Investment Organization, the Organization for Economic Cooperation and Development, the World Bank's website, and online services providing information on the UAE's banking and financial system.

Restrictions of research: The limitation of the study is that the e-literature on the subject is in short supply.

The novelty and practical results of investigation: Although the application of innovations in the UAE has been discussed in various cases, the application of specific e-banking services in the UAE has not been fully explored. The research describes in detail the application of digital banking services and their development in a historical context.

In addition, digital banking services have been discussed separately for both local and foreign banks, which makes the country's banking system more comprehensive and innovative than its counterparts.

Scientific-practical significance of results: In practice, banks in the UAE have been provided with comprehensive information on the possible use of various e-banking services, which may help other countries to benefit from this experience.

Keywords: UAE, banking, finance, electronics, technology, country

LIST OF ACRONYMS

GDP	Gross Domestic Product
USD	United States Dollar
UAE	United Arab Emirates
NBD	National Bank Dubai
MENA	Middle East & North Africa
ESCA	Emirates Securities and Commodities Authority
BCCI	Bank of Credit and Commerce International
DFM	Dubai Financial Market
DIFC	Dubai International Financial Center
ADGM	Abu Dhabi Global Market
ADIA	Abu Dhabi Investment Authority
ADIC	Abu Dhabi Investment Council
MDC	Mubadala Development Company
DIC	Dubai International Capital
CFIUS	Committee on Foreign Investment in the United States
WEF	World Economic Forum
GCI	Global Competitiveness Index
UK	United Kingdom
OECD	The Organisation for Economic Co-operation and Development
UN	United Nations
GAPP	General Agreement on Tariffs and Trade
AGCC	Arabian Gulf Cooperation Council

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INTRODUCTION

The actuality of the subject. UAE has undergone an unbelievable transformation in a few decades in which the country was transformed from a desert to the regional financial and trade hub. The country has approximately 9.5 million population and 80% of these population are immigrants that have found employment in the booming economy of the country.

Financial sector is among the strongest industries in UAE and it is composed of a variety of local and foreign banks that provide a wide range of services to customers from the country, region and the world. Hence, the transformation of the country into a financial center raises the question regarding the application of modern technologies in banking and finance.

In a time when electronic banking is on the rise across the world and digital banks themselves have become independent organizations from traditional banks, it is interesting to review the digital banking activities in UAE and assess its current condition.

The topic is the development of electronic banking activities in UAE and it is relevant due to several reasons.

First of all, some of the most pervasive trends in the banking in modern times is about electronic services. Mobile banking, for example, is very popular and it is estimated to this type of banking and other financial services is only going to become even more popular and transform the banking industry. Hence, an innovative financial and technological hub like UAE is an interesting case to review in terms of the application of modern technologies in banking.

Furthermore, the most sophisticated modern technology companies come from new start-ups and these start-ups are acquired by big banks in the world which help these banks and other financial institutions to become even more sophisticated and progressive. The existence of massive amount of foreign investment in UAE as well as the operations of dozens of foreign as well as local banks in the country raises the

question about the current state of financial technologies' application in banking in UAE.

Moreover, all corporations are trying to offer digital services and customers are more and more interested in going digital in all spheres which makes the assessment of the readiness and current state of the digital banking services in UAE.

In summary, the topic is relevant to the evaluation of digital banking in UAE. The development digital banking services and how these services are applied in various fields will be of major focus.

Problem setting and level of learning. The issue under focus has been researched by a wide variety of researchers such as Al-Hammadi et al., (2010), Ali (2010), Al-Tamimi et al., (2009), Blakstad and Allen (2018), El Massah (2015) and many others.

The purpose and objectives of the study. The purpose of the dissertation research is to analysis development of electron banking activites in UAE.

The main objectives of the study is following:

- Review the banking system and financial institutions in UAE which provides a solid background for the study;
- Delve into the detailed description of various systems and technologies that are applied in digital banking;
- Finally, to present real cases of UAE banks that apply various technologies in banking.

The object and subject of the research. The objective of the dissertation is to review the features of the banking system in UAE, assess systems and banks implementing electronic banking services as well as present specific features of UAE banks in regards to the application of digital banking services. The subject of the research is the banking system of UAE, digital banking services in the country and participants of the banking system and financial system in the country.

Research methods. Theoretical and methodological foundations of the work are based on the theory of the dynamics of financial markets, supervision and regulation of banking, innovations in banking, electronic banking services and so on. The majority of these concepts have been relatively new in science and most of the work refers to real cases of innovations in banking in UAE.

The information base of the study. The information base of the dissertation is constituted of website of Central Bank of UAE, Abu Dhabi Investment Authority, OECD Databases, World Bank website and other multitudes of online services providing information on the banking and financial system of UAE.

The limitation of the study. The limitation of the study is that the elektron literature on the subject is few.

Scientific novelty of the research. The dissertation has provided novelty on several grounds. First of all, despite the fact that the application of innovations in UAE has been discussed in various instances, there has not been a comprehensive overview of the application of specific electronic banking services in UAE. This work describes the banking system in a comprehensive way with respect to the application of digital banking services and its development in a historic context.

Additionally, digital banking services have been discussed separately for both local as well as foreign banks which makes the work more comprehensive and novel compared to its peers which have generally discussed the innovativeness of the banking system of the country.

Practical significance of the results and areas of application. Practically, banks in UAE would be provided with a comprehensive overview of possible application of various electronic banking services and they can apply the best cases from other countries as well.

I Chapter. FEATURES OF THE BANKING SYSTEM IN THE UAE

1.1. Local registered banks and foreign banks

Banks in UAE can be divided into two major categories. The first ones are the locally registered banks whereas the second group of banks are subsidiaries of foreign banks.

Locally incorporate banks are public shareholding companies and they have obtained their licenses in conjunction with Union Law 10 of 1980. Foreign banks, on the other hand, are the subsidiary branches of foreign banks that have been granted a permission to operate in the country by Central Bank's licensing rules (Central Bank of UAE, 2019).

Previous to the establishment of Central Bank of the country, foreign bank branches increased disproportionately which made it unproductive for local banks to compete against them and this fact made the creation of monetary authority necessary and its intervention in the market. Currently, there is a requirement which limits the number of branches of each bank maximum to 8 in the country (Central Bank of UAE, 2019).

Currently the following international (foreign) banks operate in UAE:

Table 1: List of foreign banks

Samba Financial Group
United bank
Doha bank
National Bank of Kuwait
BOK International Bank
Natwest
Blom Bank France
Bank Meli Iran
City Bank
Bank Saderat
Standard Chartered
Habib Bank
Al Ahli Bank of Kuwait
Al Khaliji
Arab African International Bank

HSBC
Janata Bank Limited
BNP Paribas
Bank of Baroda
Credit Agricole
National Bank of Oman
El Nilein Islamic Bank
Banque Misr
Arab Bank plc
Rafidain Bank
National Bank of Bahrain,

Source: Central Bank of UAE

The list of national banks are provided below:

Table 2: List of local banks

First Abu Dhabi Bank
Commercial Bank of Abu Dhabi
Investment and foreign trade bank of Arab
Union National bank
Dubai Commercial Bank
Islamic Bank of Dubai
Emirates NBD
Emirates Islamic Bank
Mashreq Bank
Sharjah Islamic Bank
Bank of Sharjah
United Arab Bank
Invest Bank
National Bank of RAKPJSC
Commercial Bank International
Fujairah National Bank
UAQPSC National Bank
Abu Dhabi Islamic Bank
Dubai Bank
Noor Bank
Al Hilal Bank
Ajman Bank.

Source: Central Bank of UAE

Hence, it can be seen that a variety of foreign and local banks operate in the country their number is quite high.

Central Bank is responsible for all the regulation and supervision of banks in the country. Regarding legislations, Federal Law No 14 of 2018 regarding the central bank and organization of financial institutions and activities and Islamic Bank Law of 1985 are the main documents that Central Bank of UAE refers to in its regulation of financial institutions (Central Bank of UAE, 2019).

Additionally, there is anti-money laundering legislation that Central Bank bases its operations on because as a central bank of the country, it has to monitor financial markets and institutions in order to prevent the cases of money laundering. These activities in turn, are governed by such regulations as procedures for anti-money terrorism financing laundering and combating and illicit organizations, anti-money terrorism financing laundering and combating and illegal organizations (guidelines for financial institutions), and registered Hawala providers regulation (Central Bank of UAE, 2019). In combination, these regulations constitute the bases of regulations that Central Bank of UAE uses in its money laundering supervision and prevention.

Furthermore, local banks are regulated for various other rules by Central Bank. For example, one of them is UAE Basel II Guidelines which requires banks to adhere to certain regulatory standards.

Minimum capital adequacy ratio has been set at 10% of the risk weighted assets and it includes operational, market and credit risks. In order to obtain risk weighting for assets, the ratings given by external rating agencies are used. The smaller risk weight is given to banks that have a higher credit rating and vice versa. This approach is used for credit risk (Central Bank of UAE, 2019).

Regarding market risk, banks are required to set aside capital in expectation of adverse market risk and this market risk includes such categories as interest rate risk, exchange rate risk, equity risk, commodity risk and optionality risk.

Finally, operational risk principles have been set in the regulation as well. For example, operational risk charges can be calculated on the basis of such principles as:

- Basic Indicator Approach;

- Standard Approach;
- Advanced Measurement Approach.

In other words, Basel II principles are taken into account in the management of local banks and Central Bank of UAE is in charge of this process.

Despite the fact that there are many different banks in the country, it is worth mentioning that the majority of total assets in the banking sector is controlled just by a few banks (IBP, 2007).

5 largest banks in UAE accounts for approximately 60% of total assets in the banking sector. Furthermore, among banks 8 banks are Islamic banks.

Some facts about largest and most important banks in the country are worthwhile to provide. For example, Emirates NBD is the largest bank in the country and it has been able to establish 225 branches across the country which demonstrates the scale of operations of the financial institution.

Furthermore, the services of this bank ranges from wealth management to wholesale and fintech services meaning that the institution has been able to expand in various areas and gain relevant expertise.

When it comes to the volume of lending, National Bank of Abu Dhabi is the largest and it lends to both corporations and retail clients across the region of the Middle East. In general, this bank operates in more than 19 countries in the world and has a total assets of more than 180 billion USD illustrating the strength and scale of the institution (IBP, 2007).

Abu Dhabi Commercial Bank is also one of the largest local institution in the country and it is active in such services as:

- Consumer Banking;
- Investments;
- Treasury Banking;
- Wholesale Banking;
- Property Management.

Hence, top banks of UAE has expanded into the provision of services in a variety of fields.

In general, main banks in the country can be divided into several categories:

Merchant banks;

Commercial banks;

Islamic Banks;

Industrial banks;

It should be mentioned that this categorization is related mainly to local banks as international (foreign) banks mostly provide such services as corporate banking advisory as well as investment banking services (Soumare, C, 2008: p.201).

Merchant banks

A merchant bank is a company that provides underwriting, loan services, financial advice, and fundraising services to large corporations and individuals with high net worth.

Merchant banks in the UAE are financial institutions for multinational corporations dealing with international finance. Traditionally, merchant banks fund and underwrite internationally, including real estate, corporate finance, foreign investment, and other financial transactions (Espinoza A., 2013: p.54).

In other words, local merchant banks provide a wide range of services and they are mostly active in securing funding for large corporations in the region.

Commercial banks

Commercial banks are banks in the very traditional sense of bank meaning that these institutions accept deposits from the general public and give loans and earn interest on these loans.

The earning of commercial banks come from the difference between the interest rates on loans and deposits. Therefore, commercial banks are sensitive in terms of

matching their assets and liabilities in terms of duration, interest rate sensitivity as well as liquidity.

There are many commercial bank service providers in UAE as discussed above

Commercial banks do not only give out ordinary loans and they also specialize in mortgages, auto loans, business loans and so on. Depending on the size and resources of the banks, thus, commercial banks can provide a variety of services to its customers.

Islamic banks

Islamic Banks are very popular in the Middle East and in UAE as well. This type of banking model is based on Islamic law and principles and it is also called non-interest loan financing.

The main principle of providing loans in Islamic banking is that asking for interest on loans is prohibited in accordance with the principles of Islamic Sharia Law. Instead, banks obtain an equity participation in the companies where they invest and borrowers share profit and loss with the bank (Asifulla, 2016). In case the company gains a profit, then the bank receives its profits in proportion to its share of equity participation. On the other hand, if there is a loss made by the borrower, then there is a loss for the bank as well.

As UAE is an Islamic country and it does a lot of business with the regional Islamic countries, it is not surprising that there is a wide range of Islamic banks in the country.

Some banks are entirely based on the principles of Islam and they are Islamic Banks. Some other banks, however, provide Islamic banking services only to a limited extent. These practices are called Islamic banking windows. Banks that do not want to dedicate their entire operations to Islamic banking, therefore, can also have customers who want to deal with banks in accordance with Islamic Banking principles and this service is provided through windows as mentioned above (Asifulla A., 2016: p.74).

Industrial banks

Industrial banks are other category of banks operating in UAE. These types of banks sell certificates of shares and take in deposits from customers that are then

invested in installment loans. Although this category is not very popular in UAE, it is still worth reviewing what it means.

1.2. Limited license banks

There are different types of bank licenses in different countries. For example, licensed banks and restricted-licensed banks are among the most frequent two types of banks and this applied to Dubai as well.

Licensed banks can take deposits in any size and maturity and they can offer checking and saving accounts.

However, limited license banks or restricted banks can mostly operate in merchant banking sector provide capital market activities and support to corporations.

In the case of UAE, these limited license banks, however, are commercial banks mostly. The government has set a requirement that banks with limited license can only take deposits in foreign currencies. Therefore, these banks are engaged in providing residents and non-residents with loans in foreign currencies.

The number of these banks is not high as many banks in Dubai do not operate with restricted licenses.

1.3. Investment banks

Dubai's investment banking industry is on the rise. Dubai investment bankers work mostly for the area of MENA (Middle East & North Africa). The MENA area covers nearly 20 countries. (Faris A. A., 2016: p.85).

Internationally established large banks work on mostly regional big projects whereas small investment banks work on small projects in individual countries.

Most sectors are invested by the largest investment banks in Dubai (the affiliates and local ones). Most of their clients are sponsors of equity, sovereign wealth funds, and other holding companies.

The two types of investment banks in UAE can be differentiated. Global banks whose expertise and services are similar no matter the location is and they offer similar services in UAE as well. Secondly, local investment banks must be mentioned.

They carry out the following functions:

Corporate Finance Advisory activities:

Local investment banks offer a wide range of corporate finance advisory services, such as:

- risk management;
- business structuring;
- capital structure;
- credit rating;
- liquidity.

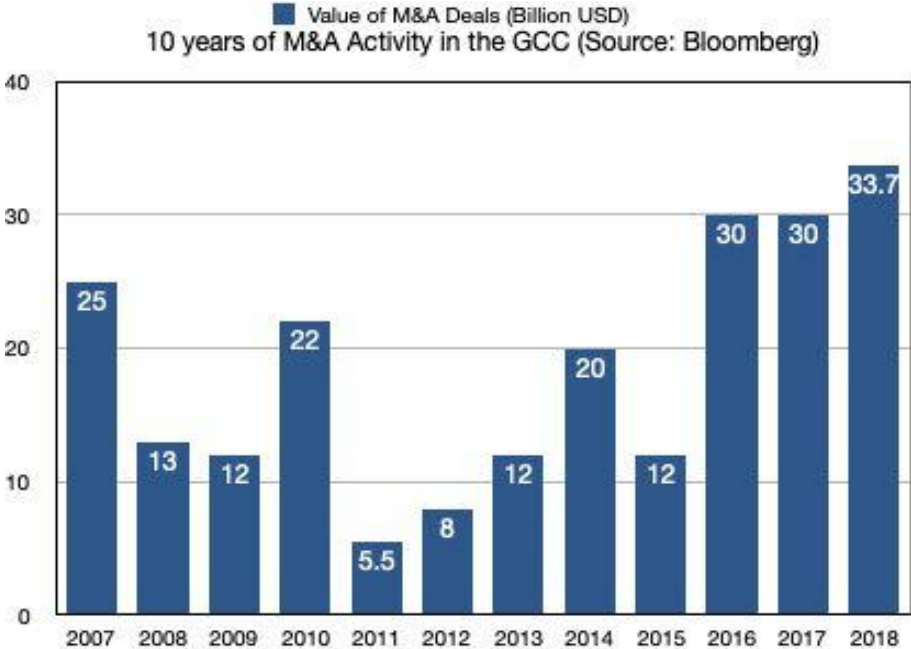
M&A expertise

Mergers and acquisitions are one of the most common type of transactions in financial markets and UAE has been very attractive market in this regard as well. Mergers and acquisitions are different types of transactions. Mergers result in the joining of the two companies where the new company is formed from the combination of the two firms (Faris A. A., 2016: p.41). Acquisitions, however, are the deals when one company acquires another one and the company that is taken over ceases to exist.

Mergers and acquisitions refer to a wide range of activities and mergers and acquisitions are just two of them. For example, joint ventures are one of the most frequently occurred transactions in the financial markets. It is usually a partnership of two or more business entities for the implementation of a particular project. In a formal joint ventures, the entities involved often set up a separate entity for the partnership, invest in it, and have the capital they all manage.

UAE has experienced a significant volume of mergers and acquisitions in the recent periods. For example, the country has experienced a two-fold increase in the volume of deals and the worth of these deals stood at approximately 10.4 billion USD. The increased number of deal opportunities in North Africa and Middle East enabled local as well as international investment banks in UAE to take an advantage of the situation and be engaged in these deals.

Chart 1: Mergers and Acquisitions in the Gulf Cooperation Countries



Source: Bloomberg

However, some concerning facts have also occurred regarding the banking services in UAE and neighboring countries. In other words, the existence of a high volume of M&A deals does not necessarily mean a good sign for the business in the region.

One of the negative sign is the consolidation process which is attributed mainly to the pressure by low oil prices since 2014. In these difficult times, companies cannot thrive independently and have to be taken over by big businesses.

Table 3: The list of investment banks operating in UAE

HSBC
Emirates Investment Bank
Noor Capital
Rasmala
Shuaa Capital
Allied Investment Partners
Morgan Stanley
Palma Capital

Source: Bloomberg

Cost cutting and synergies are happening in the banking sector in a response to oil prices. Bigger banks that overtake smaller ones which suffer alone to survive in a period of crisis and this results in the creation of higher number of mergers.

Currently, it is expected that the mergers will still continue and such small banks as Sharjah Bank, Invest Bank and United Arab Bank will merge. This is argued by experts and this merger would result even in a higher consolidation in the market.

In other words, investment banks (both local and foreign) have engaged in helping companies including banks to merge or acquire their targets in UAE. Big international banks such as City Bank and HSBC have been particularly powerful in this regard as they have been trusted with major transactions due to their reputation globally.

In regards to the effect of this mergers and acquisitions on digital banking services in the country, it can be estimated that some banks will gain particularly high advantage by acquiring others. Therefore, the role of investment banks can be said to remain crucial in the near future as well.

Corporate advisory

Both local and international investment banking services providers are engaged in corporate advisory services as well.

Corporate advisory is an umbrella term which refers to a wide range of services such as:

- Transaction support;
- Company listing;
- Business and investment valuation services;
- Business alliance building support and guidance;
- Financial modelling;
- Project financing;
- Privatization.

In other words, these services are quite broad in nature and many of them are also provided by consulting companies such as Big 4 and others.

Private placements

Private placement is an important funding mechanism for many businesses. This type of funding does not involve issuing public securities but instead is composed of the processes for approaching investors individually for financing (Foley, 2012).

Some pre-selected investors are approached who usually are either corporations or high net worth individuals.

The advantage of this type of fund-raising is that there is very light regulations as opposed to public issuance of securities.

Despite continuing global financial woes, due to its diversified economy, the UAE has performed well and maintained its position as the region's center for private equity.

Fundraising activity increased in 2017, but many investment houses need to be innovative with their investor offering structure (such as direct or co-investment), as investors are selective. Most investors abroad are skeptical about current geopolitical global factors.

Structured investments and other services

Structured goods are pre-packaged portfolios, typically involving interest-related capital and one or more derivatives. These are usually related to an

index or equity basket and are designed to facilitate highly customized targets for risk-return (Foley S., 2012: p.74).

This is done by taking a standard security such as a conventional investment grade bond and replacing the normal compensation characteristics - periodic coupons and final principal - with non-traditional payoffs resulting from the quality of one or more underlying assets rather than the cash flow of the issuer itself. One investment solution that has become increasingly popular among UAE expats in recent years is structured products.

By providing an ability to precharacterize investment risk and return boundaries, they are a way to potentially achieve a significant income level without what is typically regarded as excessive risk.

In July 2012, the United Arab Emirates Securities and Commodities Authority ("ESCA") published investment fund regulations (the "Regulations") that substantially strengthen the supervision of foreign and local investment funds operating in the United Arab Emirates (the "UAE").

1.4. Functioning financial institutions

The UAE' Central Bank was founded in 1980, that Abu Dhabi and Dubai depositing half the institution's revenue.

Chart 2: The logo of Central Bank of UAE



مصرف الإمارات العربية المتحدة المركزي
CENTRAL BANK OF THE U.A.E.

Source: Central Bank of UAE

The bank issues UAE dirhams and the national currency of the emirates. There is trade, investment, foreign and local banks, development, as well as an association of bankers. In 1991, the global operations of the International Credit and Trade Bank of Abu Dhabi (BCCI) were shut down after corruption was uncovered, and the emirate later established the Abu Dhabi Free Zone Organization to develop a new financial center. (IMF, 2012).

The Dubai Financial Market (DFM), the first official exchange of the Emirates, was opened in 2000, and then in 2005 the Dubai International Financial Exchange.

The UAE is a leading force in development of modern Islamical finance and financial practices in accordance with Sharia law. The Islamic Bank of Dubai (DIB) was established in 1975 as the first world's commercial bank Islamic. As more Islamical banks opened and the Islamic finance popularity increased, the country began adopting legislation regulating finance of Islamic in 1985. In 2007, DFM became the first exchange to meet Islamic finance standards. As the UAE is an international financial and trade center, Islamic financial institutions had become as attractive market for organizations Islamic in the worldwide.

The global Islamic financial sector is growing rapidly. Islamic finance is based not only on Muslims but on an Islamic ethical basis. For the sake of profit, money trading is prohibited, but trading of goods is allowed. Transactions based on assets or tangible property to avoid mean of considered usury in accordance with the law of sharia. Banks of Islamic have different structure than traditional banks, but their services are similar. (Green R., 2008: p.74).

In the United Arab Emirates, 47 commercial banks with 350 branches operate. Of these, 28 are foreign banks (with more than 200 branches). Federal law limits the number of branches of foreign banks to eight.

Bank re-export financing accounts for a significant share of trade financing, which is regarded as a favorable sign, foreshadowing further growth. Commercial banks offer short-term loans (3-6 months). Projects are usually funded for up to 5 years. Consumer

finance is also growing rapidly. It is important to note that local banks have well-established correspondent relations with international banks.

The Law on the Central Bank defines the five main types of financial institutions of the UAE - commercial banks, investment banks, financial institutions, financial intermediaries and money intermediaries. All of them must obtain licenses both from the Central Bank and from local regulatory authorities. In addition to these five categories, UAE laws allow the activities of financial or investment advisors. These consultants are not required to obtain a license from the Central Bank.

Commercial banks. The Law on the Central Bank defines a commercial bank as an institution that accepts funds from the population, provides loans and other financial services (for example, marketing and sale of investment products and services, including the sale of securities).

Investment banks. The instructions of the Central Bank regulate the activities of investment banks. Investment banks are commercial banks or development banks that provide medium-term or long-term financing. The Central Bank allows investment banks in the UAE to offer financial products and services, including issuing financial instruments and managing investment portfolios.

In June 1997, the Emirate Banking Group, which is controlled by the government of Dubai, founded the UAE's first Mutual Investment Fund with an initial capital of \$ 8.2 million. For the first time, this Fund provided UAE non-citizens with the opportunity to purchase securities of the country (which was previously tightly controlled) in the amount of up to 500 thousand dirhams. Unprecedented demand from foreign investors prompted the Central Bank of the UAE to increase the limit on foreign investment in securities from the initial 20 to 49%.

When the Fund closed its free subscription for securities on June 17, 1997, the investment amounted to 74.5 million US dollars (Hasen M., 2016: p.74).

The Law on the Central Bank allows financial institutions to lend money and carry out other financial transactions, but it does not allow them to accept deposits. The

difference between financial institutions and commercial banks is that they can (and there are no commercial banks) lease machinery and equipment.

Financial intermediaries are brokers. Central Bank instructions allow licensed brokers to advertise and sell foreign and local stocks and financial instruments with their commissions. Both local and foreign companies can obtain brokerage licenses.

Money intermediaries are money changers. They are not permitted to advertise or sell investment products and services.

The UAE Central Bank has not published any guidance on investment advisors. However, in some emirates, licensed companies can advise clients on various investment strategies, but cannot sell investment products directly. This sale then usually takes place outside the UAE. Consultants are also not entitled to receive investment funds from clients, although they may assist in transferring these funds. Consultants cannot provide credit services or open accounts for clients, but they are allowed to facilitate the opening of accounts with brokers and banks. With the appropriate power of attorney, the consultant can also manage such accounts.

In 2002, the Dubai authorities developed a plan for the establishment of the Dubai International Financial Center (DMFC), which was opened in 2003, and began to operate only at the end of 2004. A Regulatory Office was created in the DIFC, which accepts applications from companies and organizations (starting in October 2002) who want to open an enterprise in the DIFC. The regulatory authority processes these applications and considers issuing licenses to applicants who satisfy all requirements. DMFC published data on its structure in June 2003 (<http://www.uktrade.info/ru/finance/detail.php?ID=1355>).

In July 2003, the United Arab Emirates Federal Cabinet adopted a federal decree according to which the DIFC is vested with broad powers. The adoption of this decree, which also allows the creation of free financial zones in the UAE, meant for the DMFC a serious step forward. The Center hosted a conference of the World Bank and the World Monetary Fund. In July 2004, the Ruler of Dubai guaranteed the legal

independence of the DMFC. Among the international organizations that applied to the DMFC for registration was Deutsche Bank, a branch located in the financial district of Dubai.

Asset management companies, banks and other financial institutions that register their headquarters at the Dubai International Financial Center (DMFC) are allowed to work with local wealthy citizens. Philip Thorpe, Director of the Directorate of the DMFC, said that although firms based in the DMFC are not allowed to engage in retail trade in Dubai, they have the right to work with individuals whose fortune exceeds 5 million dirhams. The Center's Regulatory Administration is currently negotiating with other regional regulatory bodies to ensure good working interaction with them (<http://www.ukrtrade.info/ru/finance/detail.php?ID=1355>).

II Chapter. SYSTEMS AND BANKS IMPLEMENTING ELECTRONIC BANKING IN THE UAE

2.1. Banks implementing electronic banking in the UAE and Hawala system

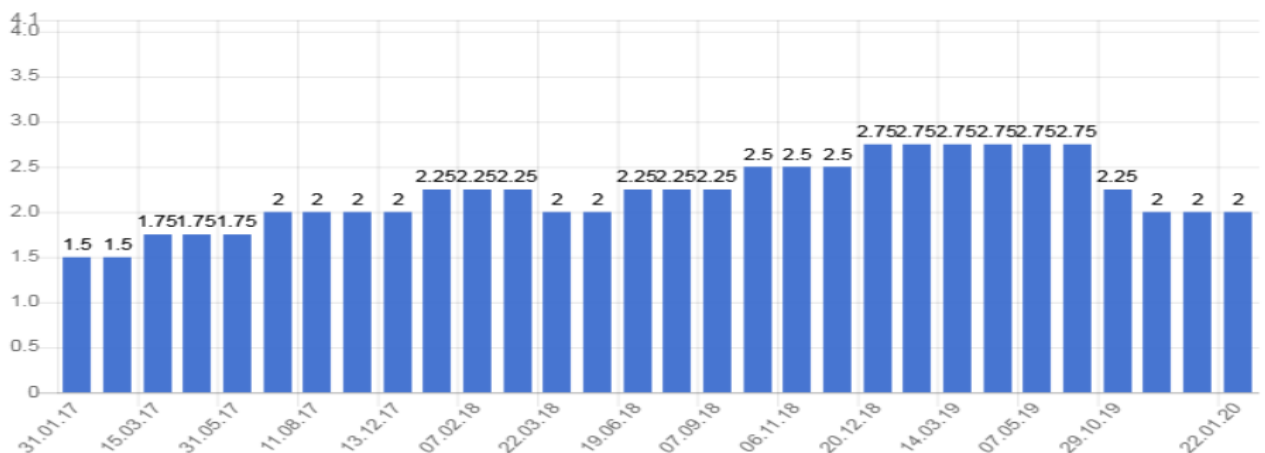
Dubai National Bank (Emirates NBD) established in 2007, after merger of banking institution as the Dubai National Bank and the Bank of the Emirates. That is important note that bank is leader among all the Middle East banking institutions.

The National Bank has an expanded representative offices network and branches in the world, and with 80 branches. Among foreign branches, one can distinguish representative offices in the United Kingdom, Washington, Singapore, Geneva, London, and Saudi Arabia.

In with the legal form, the Dubai National Bank is a JSC. The bank shareholders are private individuals, citizens of UAE.

The central bank discount rate in the UAE remained unchanged at 2% in December 2019. The maximum rate reached 4.75% and the minimum 1%.

Figure 3: Last data on the interest rate in the UAE (%)



Source: <https://take-profit.org/statistics/interest-rate/united-arab-emirates/>

Bank customers are offered a wide selection of all modern banking and financial instruments, financial asset management, remote access services for managing a

investment activities and bank account. The Dubai National Bank successfully implements numerous lending programs, such as mortgage lending. Bank customers are both corporate clients and individuals.

The Dubai National Bank is the main banking institution of UAE and has a real business card of Dubai. The bank is known as landmark of modern metropolis among tourists and foreign guests. The building of the head office made in the form of a mirror sail, with its attracts attention and beauty.

The skyscraper of the head office of the bank is a clear example of incredible construction projects implemented in Dubai. It is located near the Chamber of Commerce and a specialized pier for speed boats.

The skyscraper of bank's head office is a example for Dubai's incredible construction projects. This is located near the Commerce Chamber and on a special pier for speedboats.

Banks of the Emirates are considered not only one of the most reliable, but also the most advanced in terms of using modern technologies. Online banking in the UAE will not surprise anyone. Almost all banks offer it: both state and private.

Here are some of them: Bank of Dubai, Emirates NBD, Commercial Bank of Dubai, NBAD (Abu Dhabi National Bank), Commercial Bank of Abu Dhabi, UAE Central Bank, Dubai Islamic Bank, HSBC, Standard Chartered Bank and etc.

It is a local bank known for its kindness to non-residents (tourists and visitors to the UAE). To open savings account, we need to deposit 1000 dirhams in the account. The UAE NBD, like Mi Bank, does not impose any penalties for not having a minimum balance in account. Benefits of an account opening at the Dubai National Bank. Log in to account with VISA ELECTRON card. The multifunctional debit card allows you to access your account in the world.

On October 13, 2019, a new automated service began operating in Dubai, which will allow people who have issued unsecured checks worth less than 200 thousand

dirhams (\$ 54.45 thousand) to pay fines using smartphones without having to go to the police station. (<https://www.emiratesnbd.com/en/>)

According to the estimates of the Central Bank of the UAE, real economic growth in UAE showed an increase of 2.2% compared with the previous quarter, which is lower, that was in previous quarter. This bank expects the national economy grew in 2019 by 2.4%, due in the non-oil sector faster growth. Non-oil growth in GDP estimated to have increased from 0.3% in the 1st quarter to 1.5% in the 2nd quarter. However, according to the CBUAE Quarterly Review, the GDP growth rate in the oil industry, according to CBUAE estimates, decreased from 12.4% in the 1st quarter of 2019 to 4% in the 2nd quarter of 2019. The increase of non-oil activities also reflected in growth of the index of purchasing managers, which in second quarter of 2019 reached an average of 58.2. Meanwhile, private sector employment increased by 1% compared to the previous year in the second quarter of 2019. (<https://www.centralbank.ae/en>)

In the second quarter, annual consumer price inflation remained negative at -1.6%, with both commercial (-1%) and external (-1.8%) negative inflation. Along with the weakening effect of VAT, trade inflation has declined due to lower international inflation and the appreciation of the dirham, while trade inflation has declined, especially due to lower housing prices. In the second quarter of 2019, due to the increase in government deposits, customer deposits in banks increased every year. On the other hand, credit growth continued based on "healthy" financial stability indicators (FSI), which represent a strong and stable banking system. The CBUAE balance showed a slight increase in the second quarter of 2019, reflecting the steady inflow of foreign currency and the growth of the banking sector's balance sheet reports. The increase in CBUAE's total assets was mainly due to cash and bank balances abroad, while the increase in liabilities was due to required reserves, certificates of deposit and issued currencies.

Meanwhile, interest rates in the UAE have seen a downward trend in line with the expected Fed rate decline. The spread of EIBOR against the US dollar remained unchanged on average, reflecting confidence in the LIBOR, UAE economy, the spread of the 10-year dirham exchange rate against the US dollar increased slightly, but remained low. According to the study, the IMF revised its global growth to 3.2% in 2019 and 3.5% in 2020, mainly due to weak growth in developed countries during trade wars, low productivity growth and growing market volatility; all of these factors cause fluctuations in developing countries. Growth is expected to slow to 2.6 percent in the United States, 1.3 percent in the eurozone and the United Kingdom, and 4.1 percent in developing countries this year, although projected growth is higher in China (6.2 percent) and India (7 percent).

Other monetary indicators in the UAE is as following (table 4)

Table 4: Other monetary indicators in the UAE

Indicator	Period	Factor value	Previous value
Interbank interest rate	feb. 2020	1.97 %	1.98
Private Sector Lending	feb. 2019	218.5 billionUSD	218.558
Money Supply M1	dec. 2019	140.178 billionUSD	139.443
Central Bank Balance	dec. 2019	121.444 billionUSD	119.808
Direct foreign investments	2018	10.375 billionUSD	10.348
Private Sector Lending	dec. 2019	313.379 billionUSD	315.369

Source: <https://take-profit.org/statistics/interest-rate/united-arab-emirates/>

Islamic Banking in the UAE: Islamic banks have a share of 20.4% in the sector and 22.6% in the loans of the total banking system. Total banking assets in UAE rose to about 520 billion dirhams in 2016, from about 7% (\$ 5.5 billion) of the global total. Islamic banking assets make up 20% of the total banking assets of the UAE. The sector's deposits grew by 42% in the past three years, more than 18% in traditional banking institutions growth rate, and by 54% in loans over the same period. Saif Hadeef Al Shamsi, vice president of the Central Bank of the UAE on Monetary Policy and Financial Stability, announced that Dubai launched an updated strategy for 2017-2021 in January to establish the Emir as the capital of the Islamic economy. The Dubai

Islamic Economic Development Center (DIEDC) has said that the renewed strategy focuses on achieving the long-term impact of leading the growth of the Islamic economy sectors on a local, regional and international scale. The strategy covers three basic building blocks, including Islamic finance, Halal sector and Islamic lifestyle, including culture, art, fashion and family tourism.

Mi Bank provides customers with its products and services by opening “My Account” (“meAccount”) universal personal account.

"Mi Account" can be opened by both residents and visitors of the country (including tourists). One of the exceptions for guests and tourists is that they are not allowed to open only a so-called savings account and get a checkbook and a bank loan, unlike current account holders. But, as we said earlier, the advantage of a savings contribution is that it is paid interest. Otherwise, all customers have the same opportunities - access to bank cards, money transfers, payment of various accounts, reliable e-mail services, access to account information 24 hours a day, 7 days a week from anywhere in the world. The deposit can be opened in one of 7 currencies: UAE dirhams, US dollars, British pounds, Swiss francs, Canadian dollars and euros. To open an account, you must provide a passport, a letter of recommendation from your bank and an account for the last 3 months.

HSBC Holdings plc, HSBC Bank is one of the largest financial conglomerates in the world. In 2018, Forbes Global 2000 ranked 17th in the ranking of the largest public companies in the world, and 52nd in the list of the most expensive brands. The headquarters is located in London. The HSBC retail network includes approximately 3,800 branches in 66 countries in Asia, Europe, North America, South America and Africa, and serves approximately 38 million customers, with UK and Hong Kong as the main business areas (Henderson J., 2018).

HSBC is an acronym for Hongkong and Shanghai Banking Corporation (Banking Corporation of Hong Kong and Shanghai). A bank with that name was founded in 1865 in Hong Kong to finance trade between China and Europe. It became the first bank in

this British colony, before that only representative offices of foreign banks worked in Hong Kong.

The bank began to grow rapidly and became dominant not only in Hong Kong, but also in Southeast Asia as a whole. By the end of the first decade of work, he had offices in seven countries in Asia, Europe and North America: Yokohama (1866), Calcutta (1867), Bombay (1869), Saigon (1870), Kobe (1870), Osaka (1872), Manila (1875), San Francisco (1875). The bank financed international trade in tea, silk, cotton, sugar and silver. From the first year of its existence, he began to print paper money in Hong Kong, and also printed money from China, Thailand, Singapore, Penang and Japan. An important area of activity was the placement of government loans, primarily the government of China.

HSBC operates in five regions: Europe, Asia, the Middle East and North Africa (MENA), North America and Latin America (a total of 3900 offices in 67 countries and territories of the world). The Bank carries out all banking activities, including asset management, settlement operations, project financing, banknote issuance, etc.

The total revenue of the holding in 2017 amounted to \$ 63.776 billion, including insurance payments - \$ 51.445 billion. Of this amount, interest income amounted to \$ 28.2 billion, service fees - \$ 12.8 billion, net insurance premiums - \$ 9.78 billion. According to the results of 2017 \$ 6.8 billion in taxes were paid in the fiscal year, most of which went to the UK and Asia (Blakstad S. & Allen R., 2018).

The main region of activity is Asia, where 54% of HSBC Holdings employees work, 26% work in Europe, 9% in North America, 4% in the Middle East and Africa. Asia also leads in the amount of funds in customer accounts - \$ 657 billion out of \$ 1,364 trillion, of which \$ 477 billion falls to Hong Kong. At the end of 2017, there were \$ 505 billion in European customer accounts (of which \$ 402 billion in the UK); North America accounted for \$ 143 billion. From the turnover of \$ 51.4 billion, \$ 25.8 billion accounted for Asia, \$ 17.4 billion for Europe, \$ 6.7 billion for North America. In terms of assets, activities in Europe were slightly ahead of Asia - \$ 1.169 trillion against \$

1.008 trillion, North American assets amounted to \$ 391 billion. The priority countries and territories for holding in Europe are the UK, France, Germany and Switzerland; in Asia - Hong Kong, China, Singapore, India, Australia, Malaysia, Taiwan and Indonesia; in the Middle East and North Africa, the United Arab Emirates, Saudi Arabia, and Egypt; in America - USA, Canada and Mexico.

In 2015, HSBC Holdings took 18th place among the largest investment companies in the world in terms of assets under management (\$ 896 billion).

Table 5: Financial indicators HSBC Holdings

Financial indicators in billions of US dollars								
Year	2010	2011	2012	2013	2014	2015	2016	2017
Turnover	68,26	72,29	68,34	64,66	61,26	59,81	47,98	51,46
Net profit	14,192	17,945	15,335	17,801	14,706	15,097	3,447	11,878
Assets	2456	2557	2694	2672	2635	2411	2376	2523
Employees	307 001	298 002	284 787	268 796	264 768	268 434	235 176	228 688

Source: <https://wiki.wales/wikipedia/HSBC>

Through HSBC Bank Middle East Limited, HSBC operates in the Middle East and North Africa (Algeria, Bahrain, Kuwait, Qatar, Morocco and the UAE). Headquartered in Dubai (United Arab Emirates). The bank's turnover in 2017 amounted to \$ 1.538 billion, net profit \$ 545 million, assets \$ 35.67 billion, the bank employs 3800 employees. In 2016, a branch in Lebanon was sold.

This world famous international banking group which is proud for its versatility.

It is well acquainted with the culture and traditions of the countries where he works, which is reflected in the nature of advertising campaigns.

The true value of HSBC banking is revealed during travel, as its networks are spread all over the world.

You must submit to open a savings account:

- international passport;
- letter of recommendation from your bank.

Subsequently, it is necessary to maintain a minimum balance of 5 thousand UAE dirhams (or 2 thousand US dollars, English pounds sterling or euros, depending on the currency in which you have an account). Each time the balance falls below the established limit, the amount of 100 UAE dirhams, 50 US dollars, 50 euros or 25 British pounds, respectively, will be deducted from the account every month.

Citybank, an international bank, is known as HSBC for its global network.

A savings account at Citybank can be opened in both UAE dirhams and US dollars. Then it is necessary to maintain the balance of at least 10 thousand UAE dirhams.

If the balance falls below the set limit, 100 UAE dirhams will be deducted from your account every month. The bank also offers its customers access to an account from anywhere in the world, CityPhone - by phone banking service, Citybank online - via the Internet banking service, Citybank Alerting - banking service via short messages (SMS) or mobile phone. e-mail. You must submit to open an account:

- international passport;
- a letter of recommendation from your foreign or local bank;
- statement from your bank account for the last 6 months.

Hawala is an alternative money transfer system. It exists and works outside the “traditional” banking system and financial channels. The system was developed before the Western banking technologies introduction in India. There are several similar systems. “Flying money” system is other well-known example (also called chop or chit), which originated in China and is also used all over the world. These systems are often called “clandestine banking,” which is not always correct, since they often operate on conditions of complete openness and legality. Often their services are actively and successfully promoted through advertising.

Distinctive features of the hawala system from other similar money transfer systems are trust and widespread use of informal ties, for example, with relatives or fellow countrymen. Unlike the "traditional" banking system or even chop system, negotiable documents are rarely used in the hawala system. Money transfer is carried out based on communication between members of the hawaladar network or hawala dealers.

"Havala" originates from classical Islamic law and is mentioned in the texts of Islamic jurisprudence in the early eighth century. Hawala himself later influenced the development of banking terms in general law and in French law, such as Aval and Italian law, as well as general laws and special laws such as Avallo. (<https://www.phc.edu/intelligencer/hawala>)

Banking terms widely used in modern practice, such as Aval and Avallo, were themselves derived from the term. The transfer of debt, which was not allowed under Roman law, was widespread in medieval Europe, especially in trade. "In the Middle Ages, Italian businessmen were involved in operations with the Islamic world.

Havala is attractive to customers because it provides fast and convenient money transfers, which are usually much lower than the fees charged by banks and official money transfer systems. Its advantages are most evident when the host country belongs to a group without market rates or when currency exchange is controlled by the state - this was typical of many typical host countries, such as Pakistan and Egypt) or when the host country has a banking system. It has not developed in places like Yemen and Somalia. In addition, in some parts of the world, it is the only option for the legal transfer of funds, and hawala has been used by aid organizations where it is most needed. (<https://masterok.livejournal.com/2255718.html>)

In addition, transfers are unofficial and do not have effective regulation by the government, which is the main advantage for customers in countries with tax, currency, immigration and other problems. In some countries, hawala is actually regulated by

local governments and hawaladars are licensed to perform their money intermediary services.

The hawala center is Dubai in the UAE, where there are hundreds of currency exchange houses that organize the bulk of major transactions through hawala channels. This emirate town has become a major financial center of this region not only thanks to oil money. The geographical proximity to the developing states of the Indian Ocean and the entire Asia-Pacific region, the offshore financial regime, and the fact that the niche of the Middle East banking center remained unoccupied as a result of the war in Lebanon played a role. Not the least role is played by the constancy of the local dirham to major world currencies. (<https://masterok.livejournal.com/2255718.html>)

The complex deal mentioned above is actually a simple one. Actually Dubai hawala operators crank up much more complex schemes with many participants, currencies and completely different amounts. Experts speak very evasively about what means pass through these channels. It is believed that in the United States alone, about \$ 200 billion is spent annually through hawala. 1,100 Pakistani hawaladars transfer about \$ 5 billion annually. Interpol experts say that in India, hawala turnover amounts to 40% of the gross national product, which in 2005 was \$ 3.6 trillion According to estimates by Roger Ballard, director of the Center for Applied Studies of South Asia at the University of Manchester, the Pakistani community in the UK alone annually sends between £ 500 million and \$ 1 billion (\$ 900 million to \$ 1.8 billion) to their homeland. And there are still communities of immigrants from Iran, Afghanistan, India, Somalia.

Therefore, the allegations that about the same amount of funds pass through hawala as through legal money transfer channels can be trusted.

Today hawala is undergoing a renaissance. Arose during the times of caravan trade, it remains in demand in the era of globalization, the growth of migration flows, the explosive development of international relations of small and medium-sized businesses, caused by a breakthrough in the development of telecommunications. Last

but not least, the popularity of hawala is based on toughening banking supervision, since it allows you to effectively circumvent many regulatory obstacles.

As Roger Ballard notes, hawala “allows us to eliminate obsolete bureaucratic procedures from the system. Hawaladars are given the opportunity to minimize information exchange and carry out money transfers with the highest possible speed, reliability and efficiency. ”

A very important point is the reliability of hawala, which is based on the impeccable business reputation of the operators and their absolute trust in each other. This is an excellent example of a distributed system, the effectiveness, reliability and safety of which are determined by the quality parameters of its elements. And if an individual element does not meet the requirements of the clientele, the system easily finds a replacement for it. As R. Ballard emphasizes, “despite the absence of a central registrar or central regulator, nothing is known about the serious complaints of hawala clients.” (Ballard R., 2005)

Based on complete trust, it does not require identification cards, which is important for people working illegally. A hawala transaction leaves no traces, because each operator uses its own accounting system: someone keeps everything in memory, and someone uses icons whose true meaning is known only to him.

The main users of the Hawala transaction system are:

(https://www.ferguae.org/themes/zircon/assets/pdf/FERG%20Newsletter%20Q1_2019.pdf)

- migrant workers, as well as hired workers who work in another city, far from their native village. They transfer the earned money to the family;
- shuttle traders who make payments for goods (especially abroad, but sometimes in their own country) through Hawala. For them, this method is much safer than transferring large amounts of money;
- Islamic banks that use Hawala for interbank settlements;

- Many commodity companies in Asia. In this part of the world it is customary to use Hawala. Thus, he transfers credit and working capital, money for leasing equipment and machinery, funds for other needs;

- terrorists to finance their attacks;

- drug dealers carry out mutual settlements with each other also through Hawala;

- In Asia, ordinary citizens also use the Hawala system to transfer money. In Pakistan, for example, Hawala is absolutely legal.(<http://www.bankislam.com.my>, 2019)

Hawala, in particular, plays an important role in providing remittances to migrant workers and is an integral part of the international financial system. The UAE recently reaffirmed its commitment to the mandate, stating that its position would be maintained and that instead of banning the long-established financial regulation system, it would focus on regulating and preventing abuses. The UAE is working with the World Bank and the IMF to achieve these goals. Hawala preceded the traditional or "western" way of banking in the Middle East and Asia. Before the establishment of the first Western bank in Asia, around 1770, money changers and potaders (money changers and hawaldars) played an important role in almost all trade and financial transactions. Today, both the Hawala and Western banking systems are vital and often intertwined in the economies of countries such as India, Pakistan and Bangladesh.

The UAE has a large number of migrant workers from these countries, which contributes to a significant increase in assignment operations in the UAE. The Central Bank has taken steps to establish control over the system by licensing hawala operators in the country so that these dealers can carry out their business legally. The Central Bank, which regulates the Hwala system, has mandated vendors to notify the authorities of any suspicious transactions. As a result of previous anonymity and almost incomplete documentation, the remittance system was reported to be abused by both individuals and groups of individuals who transferred money to fund illegal activities.

2.2. Foreign banks operating in the UAE

The financial institutions of the UAE consist of the UAE Central Bank, local commercial banks, branches of foreign banks (including Islamic banks), as well as investment banks.

Today in the UAE there are about 46 local banks and branches of foreign banks, and 9 foreign banks have their representative offices in the UAE.

In the financial sector, one can find both ordinary commercial banks and Islamic banks.

The company works with all banks in the UAE without exception. Among them are banks such as Emirates NBD, Mashreq, Emirates Islamic Bank, RAK Bank, National Bank of Abu Dhabi. When choosing a bank, we rely on a number of factors, since a bank that suits one company will not be the best solution for another. For example, a number of banks, such as HSBC, City Bank, ADCB will be open for cooperation if your company is already at least 2 years old. Other banks (for example, Noor Bank) do not open accounts for legal entities renting a virtual office. There are also banks that work exclusively with companies whose founders are residents of the UAE (for example, Mashreq Bank).

The United Arab Emirates gained fame outside the Middle East not only as a country with enormous oil deposits, not only as a tourist haven for the rich, and even as a concentration of extraordinary architectural projects. The Emirates is a power ideally suited for doing business and saving money today.

Foreign banks operating in UAE:

- Kuwait K.S.C. Al Ahli Bank of;
- Bank N.V. ABN-Amro;
- International Bank Arab African;
- plc. Arab Bank;
- Baroda Bank;

- Melli Iran Bank;
- Saderat Iran Bank;
- Banque Banorabe;
- Plc.Barclays Bank;
- du Caire Banque;
- Agricole Indosuez Credit;
- Suisse Credit;
- S.A. BLC (France);
- Paribas BNP;
- Middle East HSBC Bank;
- N.A. Citybank;
- Bank El-Nilein;
- A.G. Zurich Habib Bank;
- Limited Habib Bank;
- Bank Janata;
- Bank Plc. Lloyds TSB;
- Bahrain National Bank;
- Oman S.A.O.G.National Bank;
- Bank Rafidain;
- Bank Standard Chartered;
- Generale Societe;
- UBS.

The UAE can be proud of its advanced banking system, which is represented by both national and foreign sectors. The UAE has one of the highest ratios in the world in terms of the ratio of the number of banks to available capital. There are now 21 local banks with 724 branches and 27 foreign banks with 109 branches. (<https://www.ameinfo.com/industriya/finance/uae-banking-sector-2020-outlook-s-and-p>)

Thanks to the policy of the UAE Central Bank, which places excessive demands on the adequacy of fixed capital relative to international capital, the UAE banks remain one of the most reliable in the world. The wide range of services provided by banks to legal entities and individuals is comparable to the services of banks in other countries in terms of interest, value and minimum balance requirements.

The country's legislative infrastructure is constantly being improved to make banking services more efficient and attractive to foreign companies, including by simplifying the process of resolving commercial disputes and implementing a system of measures to prevent money laundering.

As a rule, all banks open accounts for residents with a resident visa without any special difficulties, it will be more difficult for non-residents, the bank's decision to open an account will largely depend on the country of citizenship of the applicant. In recent years, banks have become extremely cautious about customers from Russia. After the scandal with Bank of New York, many banks categorically refused to work with Russian customers.

The main question is the ambiguity of the origin of “Russian money”: the inability to verify their “purity” is a serious obstacle to opening accounts. Banks with an American and English protectorate are especially categorical in this sense.

Very few banks are willing to open accounts for Russian citizens coming to the UAE on tourist visas. As a rule, in this case, banks require letters of recommendation from esteemed customers who have an account in the same bank.

As for corporate accounts, one of the main requirements of banks is registration in the UAE. However, some banks open accounts for companies registered in other countries and even in offshore zones, of course, if the UAE Ministry of Foreign Affairs has a full package of required documents duly legalized. In addition, the bank may ask you to provide the company's balance sheet for recent years and copies of references from other banks with this company's account, as well as letters of recommendation from other companies with the same bank account.

The decision to open an account for a particular company is considered by the bank on a case-by-case basis. Even a tourist can open a bank account. The services of Emir Banks need people who often come to the UAE to work, both ordinary services and large wholesalers. Those who have an account in any bank in the UAE, first of all, get rid of the need for cash and bureaucratic paperwork in connection with the export of currency from Russia and the CIS countries. (<https://www.centralbank.ae/en>)

The UAE banking system allows individuals to open two main bank accounts - current and savings, although different options are available, including combined. As a rule, people who do not have the status of a resident of a country can only open a savings account. The main difference between a savings account and a current account is that the owner is not provided with a checkbook and receives bank loans. At the same time, the owner of the savings account has the opportunity to earn a profit for his contribution. In addition, as a rule, each bank sets interest rates.

Today, more than 20 local financial institutions operate in the United Arab Emirates, among which a decent number are Islamic banks. The number of branches of such banks is already in the hundreds.

To become the director of the Islamic Bank of the UAE, you do not have to believe in the Prophet Muhammad yourself. The government of financial institutions is primarily interested in the solvency of the client, the cleanliness of his reputation, and his dislike of fraud. Naturally, your business should not be contrary to Sharia law, since Islamic banks will not want to deal with entrepreneurs selling alcohol, pork or pornographic products.

Advantages of Islamic banks in the UAE:

- the highest level of liquidity of funds;
- minimal risks a depositor goes by leaving his money in an Islamic bank in the UAE;
- convenient location of branches;
- great service;

- good profit received by the depositor from deposits (the most successful investment projects can bring up to 50% per annum);
- transparency and clarity in transactions;
- leading indicators of growth rates: from 10% to 15% of capital gains;
- the most attentive, trust-based attitude to each client;
- low cost of servicing the account (1% of the amount is taken if you transfer funds to another financial institution, 50 dirhams - if you want to transfer funds abroad, 25 dirhams - if you want to receive weekly reports on the status of your account, etc. Even getting an extra checkbook will not be a problem: pay one dirham for each sheet, and it is yours).

Let do SWOT analysis of UAE banking system.

Strengths:

- The capitals of local banks are at a good level, the country is suitable for doing business and its infrastructure is suitable.
- The UAE is suitable not only at the Dubai International Financial Center, but also as a business for foreign banks.
- Commercial banks are well positioned to take advantage of the development of insurance and other processes of the global financial system.

Weaknesses:

- Due to the fact that the loan was extended to the real estate market, the provisions allocated for these loans are expected to remain high for the foreseeable future.
- Finding qualified staff is a serious challenge.
- It is not clear that the UAE is a regionally lending center. Loans extended by non-bank customers by UAE banks are growing much slower than general lending.
- The residential market in Dubai seems to be close to overheating.

Opportunities:

- Foreign banks' lending to the government has a very large place. This growth can be at a more moderate pace.

- In some stages, the privatization of public enterprises can continue. This will provide opportunities for both commercial banks and investment banks.

Threats:

- No bank in the UAE is internationally large and therefore cannot benefit from economies of scale.

- Given Abu Dhabi's goals of becoming a major financial center, there is some competition between the two Commandments.

- Low oil prices will limit the growth in the banking sector in the coming years.

Credit growth of the banking sector will increase gradually in the coming period with rising oil prices and economic activity. Although public spending and high interest rates are the main risks for the banking sector, we expect the banking sector profitability to continue as the public continues to invest in lending and infrastructure and the housing sector.

22 local banks in the sector reduced the number of branches from 755 as of the second quarter of 2019 to 751 as of the third quarter of 2019. The number of foreign banks and branches remained unchanged at 27 and 81, respectively, as of the third quarter of 2019. As of the third quarter of 2019, the total number of employees of all banks increased by 346 to 35,791. Despite these figures, the top five banks that control the UAE banking sector, credit volume and deposits are locals.

Total assets of banks operating in the UAE increased by 6% in the first 11 months of 2019 and reached \$ 780 billion.

In the third quarter of 2019, the UAE banking sector grew with an increase in deposits, supported by an increase in public deposits, in line with sufficient state liquidity and solid non-oil revenues. This has enabled banks to lend to the private sector in parallel with the developments in non-oil activities, thereby increasing credit growth. The deposits of the banks in the UAE reached 473.5 billion in November 2019 and made a significant contribution to the banking sector activity increase throughout the

year. As of the end of the third quarter of 2019, 88.3% of total deposits are held in local banks and 11.7% in foreign banks. (<https://www.centralbank.ae/en>)

Total loans reached \$ 460.2 billion as of the end of November, growing by 3.7% on a monthly basis. There has been an increase in domestic loans in all sectors except Public Affiliates (GRE). While public loans increased by 2.3%, private sector loans grew by 4.8%. Lenders to private companies grew by 6.5%, and lenders to individuals grew by 1%. The GRE sector contracted by 3.8% in loans on an annual basis.

The sector's capital adequacy ratio was realized as 18.2% as of September 2019. Banks liquidity conditions improved in 2019 in the UAE. On the other hand, the ratio of non-performing loans to total loans increased from 6.8% at the end of 2018 to 6.8% due to the economic activity.

Table 6: UAE Commercial Banking Sector

Indicators	2014	2015	2016	2017	2018	2019	2020
Total assets (million AED)	2304901	2474422	2610835	2746597,4	2911393,3	3091899,6	3271229,9
Total assets, (million USD)	627525	673678	711399	748393	790295	842478	891343
Total assets, its ratio to GDP	156,2	182,0	184,9	186,0	187,1	188,2	187,7
Loans (million AED)	1378100	1485501	1574000	1684181	1740809	1935427	2059293
Loans (million USD)	375198	404438	428884	458905	472865	527364	561116
Loans to GDP ratio	93,4	109,3	111,4	114,2	116,2	117,9	118,1
Deposits, (million AED)	1421301	1471600	1562901	1622290	1695183	1754669	1824857
Deposits, (million USD)	386959	400654	425858	442042	459723	478112	497236
Deposits, ratio to GDP	96,4	108,2	110,7	109,9	108,5	106,8	104,8
Loan / deposit rate	97,0	100,8	100,7	103,9	107,2	110,4	112,9
Loan / total assets	59,9	60,0	60,4	61,3	62,2	62,6	63,1

Source: by author with the help CBUAE, BMI data

Positive Developments for the UAE Banking Sector:

- Increasing investments in the infrastructure industry and preparations for World Expo 2020 will increase the banking sector's lending and profitability.

- According to the latest report from the BMI, the UAE has introduced regulations limiting lending to the GRE segment, which accounts for most of the banking sector's profits. This will make it difficult for banks like Dubai Islamic Bank, Mashraq and Emirates NBD to continue their overseas purchases. Egypt takes the biggest share from these investments.

- According to the UAE central bank (CBUAE), communications have started with Emirate banks to fully comply with Basel III, and full implementation is expected.

- Given the merger of FBG and NBAD, FGB's strong retail banking service network, especially considering the leading role of corporate banking and capital market advisory in the credit cards and housing loan program for the Abu Dhabi government, and NBAD in the UAE. Merger is a very important step for the banking sector.

2.3. The impact of e-banking on banking activities in UAE

To achieve the objectives of this study, the study (UAE) uses an analytical description to evaluate banking performance in accordance with banking assessment criteria.

This chapter contains project data supported by previous research by another researcher on the impact of e-banking on banking. Banks in the UAE fall into two main categories, national and international, with the latter restricted to more than eight branches. At present, 46 banks operate, including branches and offices of foreign banks in the UAE. There are 21 national banks, all of which are listed in either the Abu Dhabi Securities Market (ADSM) or the DFM - Dubai Financial Market in the UAE. Historically, the development of IT in the UAE has made a significant contribution to the banking system and economic progress and development. The UAE has come under

pressure from the World Trade Organization to open up more foreign competition to the banking sector (UAE, 2010).

E-banking relies heavily on information and communication technology (ICT) to deliver on its promise of 24-hour access, fewer errors and faster delivery of financial services. When thinking about e-banking, the first thing that comes to mind are banking sites, but E-banking requires more than just a good website. Support applications such as account systems, Customer Relationship Management (CRM systems), communication technologies to connect to payment systems such as e-banking LINK, and intermediate software to integrate all these different types of systems require the latest applications such as A.N Berger (2003).

The benefits of banking through online banking are undeniable. It can be assumed that long queues of people waiting for cash withdrawals in banks are rapidly disappearing in most branches of commercial banks in the UAE. Customers are no longer expected to spend hours in banks to withdraw their money or perform the necessary banking operations.

Another dangerous aspect of e-banking is the extent to which the scheme is implemented during this period. Therefore, these shortcomings can affect the operational performance of e-banking in the UAE, so both customers and bankers in this system are very concerned about improving the system. The researcher uses this research in order to identify the problems inherent in the impact of e-banking on banking activities and provides a possible way based on the results of the research.

An analysis of the impact of e-banking on banking shows that much of the publication has been conducted in developed countries (Chan and Lu, 2004; Foley and Jayawardhena, 2000; Hogarth, Kolodinsky and Hilgert, 2004; Pikkarainen, Pahnla and Karjaluoto, 2004; Yiu, Edgar and Grant, 2007). In contrast, small studies have been written in developing Middle Eastern countries (Jabnoun and Al-Tamimi, 2003).

One of the reasons for the limited empirical research in the Middle East is that the application of electronics is relatively new in this region. In addition, most of the

previous research has focused on the impact of the E-banking system on organizational activities by employees, and in most cases its use is mandatory. The main purpose of this study was to focus on e-banking and banking, where the use of technology is voluntary. Most of the research available in the banking context is related only to internet banking (O. Kane, G., 2007).

Meeting the objectives of the study may depend on the method of data collection. Denzin and Lincoln (2003), who claim that data collection is a very critical stage of any research because it determines the reliability and integrity of the data collected at this stage of the dissertation, emphasized this fact. The data collection method has two well-known categories, primary data (including data recorded from direct observations) and secondary data. The next section will discuss the two methods in more detail.

The questionnaire was designed to gather the information needed for the study. The questionnaire was distributed to a sample of employees working in UAE banks.

The fact that the researcher wants to investigate is the impact of e-banking on banking. Expressing the following hypothesis, the study will test these hypotheses:

First hypothesis:

H0 is a series of online transactions and system blockages that negatively affect the bank's operations.

H1 is a series of online transactions and system blockages that have a positive impact on the bank's operations

Second hypothesis:

H0 employee skills and customer guidance have a negative impact on the bank's operations.

H1 staff skills and customer guidance have a positive impact on the bank's operations.

Third hypothesis:

H0 communication technology as a modern technology has a negative impact on the bank's performance.

H1 communication technology as a modern technology has a positive impact on the bank's performance. The researcher (M.N.Al Masri) conducting this analysis developed a questionnaire consisting of six questions. The form was given in Table 7 (Bank Employees in the United Arab Emirates) to 200 interviewees, consisting of 120 men and 80 women. The study has also relied on frequencies and percentages. It made use of statistical tables, graphs for exposing the study data and results, in addition to a number of statistical processes used for analyzing the data of the study. After carefully reviewing the data collected, then a statistic calculation has been used for classifying, tabulating, analyzing, and experimenting correlation among variables studied.

Table 7: Staffs For Banks

Number of Assessors:	200
Male:	120
Female:	80
Age	
20-30 years	64
31-40 years	73
41-50 years	60
51 and above	3
Educational Standard	
Below Secondary	0
Secondary	6
Diploma	4
Bachelor's	190
Master's	0
Ph.D.	0
Marital Status	
Married	70
Single	130
Age	
Manager	16
Journalist	135
Technician	49
Other	0

2.3.1. To what extent do you miss communication technology to make employees important in UAE banks?

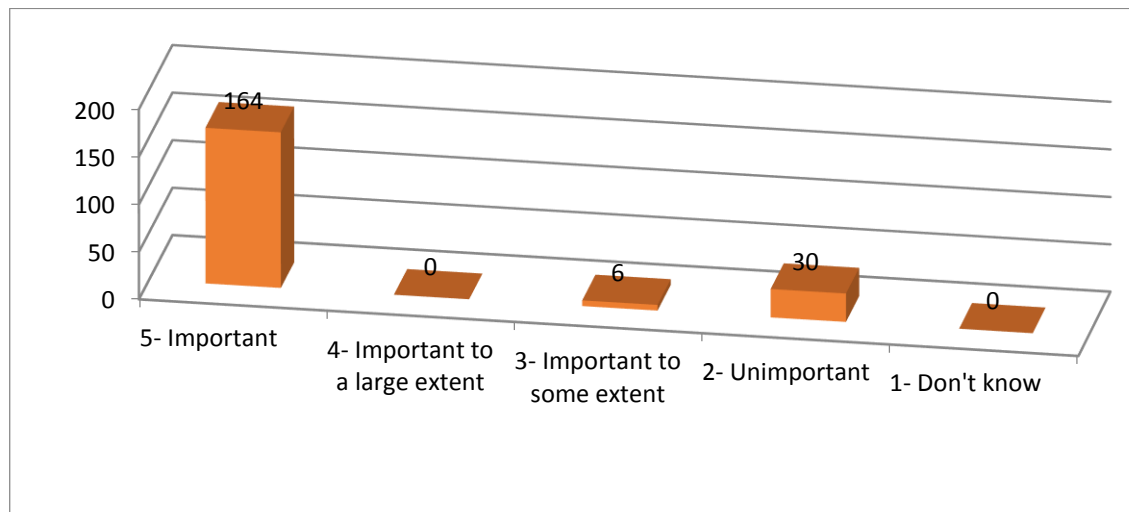
Table 8 showed that the vast majority of research samples on the importance of communication technology for staff in UAE banks were positive (82%).

Table 8: Communication technology for staff to be important in UAE banks

Count	Average	Weights	MEAN	STDEV
164	82%	5- Important	4.49	1.10
0	0%	4- Important to a large extent		
6	3%	3- Important to some extent		
30	15%	2- Unimportant		
0	0%	1- Don't know		

This result is in line with the results of many previous studies that confirm the importance of using communication technologies in UAE banks to work better. Undoubtedly, banks recognize the contribution of communication technologies to the development of these banks to ensure that they do not face the problem of new applications (online sites in the banks UAE) that may affect their performance.

Figure 4. Presentation of answers to the question "Communication technology for the importance of staff in UAE banks"



Other responses show that 15% disagree and 3% are unable to express their views as shown in Table 8 and Figure 4, while preliminary analysis shows that some people in developing countries may oppose change for religious or social reasons or due to ignorance the importance of technology in the development of banks.

2.3.2. Do you think that online transaction can be affect on the performance of bank?

Table 9: Answers of" Do you think online transaction can affect the bank performance

Count	Average	Weights	Mark
88	45%	5 – it is strongly agree	3.88
54	28%	4 – I am agree	
14	8%	3 – it is indifferent	
44	23%	2 – I am disagree	
5	3%	1 – I am strongly disagree	

Figure 5: Answers of question" Do you think online transaction can affect the bank performance"

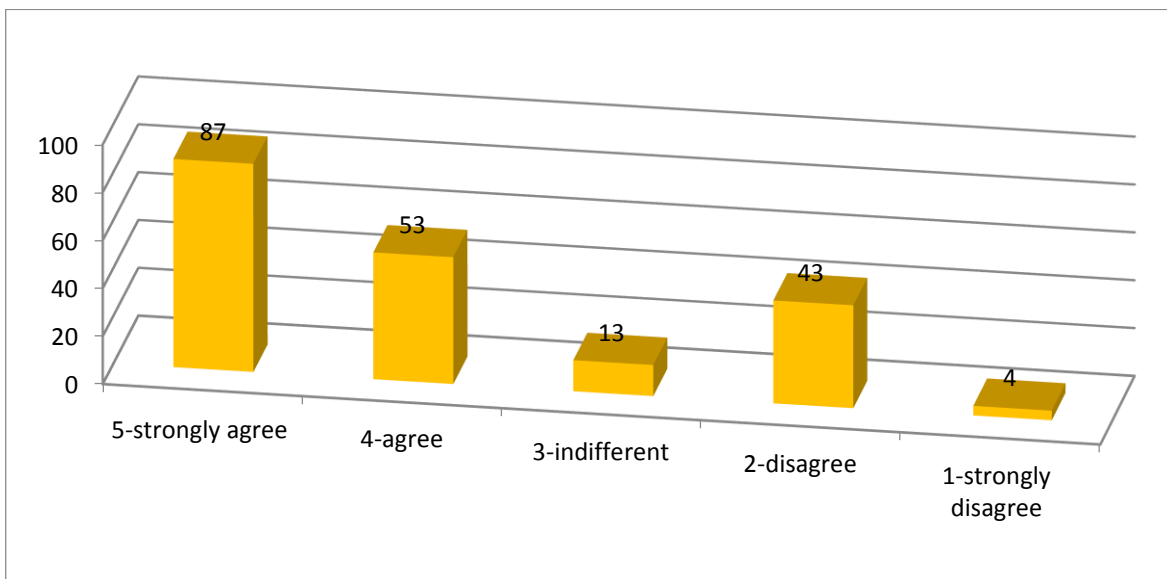


Table 9 shows that the assessment of the learning process of an online transaction that could affect banking operations ranged from agreement (27%) to agreement (22%) to strong agreement (44%). It is clear from Table 9 and Figure 5 that in the context of the growing number of online internet users in the UAE, online transactions may affect the performance of banks in the future. In addition, it is no longer possible for online transactions to affect banking operations because the technology performs better.

Other meetings point to performance defaults, as the majority of respondents believe that banks value online transactions. The researcher may attribute this to a number of reasons, including the fact that bank employees do not know the banks' plans,

that banks monopolize decisions, and do not allow decision-makers or have no education.

2.3.3. To what extent is the Bank interested in developing the activities of technology-related employees?

The data in Table 10 show the response of the research sample to the level of interest of banks in technology and human resources. Responses were most positive for rewarding employees who preferred to use the latest technology (4.17). The next positive response is related to motivating employees to develop themselves (3.94), and the third is related to the organization of training courses to improve employee performance (3.44). However, previous research confirms the link between banks' training and academic and vocational education and employee development.

Table 10: Answer to the question "To what extent does the bank takes an interest in developing the performance of staffs in dealing with technology"

Items	Strong interest		Average interest		Small interest		Weak interest		Don't know		MEAN	STDEV
	#	%	#	%	#	%	#	%	#	%		
1	41	21.00%	61	31.00%	55	28.00%	41	21.00%	7	4.00%	4.44	2.11
2	91	46.00%	41	21.00%	41	21.00%	28	14.50%	4	2.50%	4.94	2.15
3	98	49.50%	65	33.00%	16	7.60%	24	12.50%	2	1.50%	5.17	2.02

At the same time, banks do not make the necessary efforts to improve the performance of employees using modern technologies. Some development courses do not meet staffing needs due to the nature of the course and the weak content it provides or the lack of response from participants. This has been reflected in other reports highlighting some of the weaknesses in employee performance.

2.3.4. Benefits for banks of developing technology management to serve online customers

An evaluation of an example of a benefit study from the development of expected technology management for online customers for UAE banks is shown in Table 11. Significant benefits came as follows: to be aware of technological developments (4.73), to meet the needs of the banking audience (4.34), to provide quality information services to the public in a quality and quality way to compete with other banks (4.240 and finally to get information from the banking audience); to have a large number and variety of means of communication (3.86).

Table 11: The answer to the question "Benefit for the banks from developing the technology management for online customer's service"

Benefit	Agree		Agree to some extent		Don't know		Disagree		Strongly disagree		MEAN	STDEV
	#	%	#	%	#	%	#	%	#	%		
1	170	81.00%	34	16.60%	3	2.00%	4	2.50%	3	2.00%	5.73	1.66
2	127	64.00%	41	20.10%	15	8.00%	17	9.00%	5	3.00%	5.34	2.04
3	131	66.00%	31	15.10%	11	6.00%	19	10.00%	13	7.00%	5.24	12.25
4	98	49.60%	84	41.60%	8	4.50%	8	4.50%	5	3.00%	5.33	1.86
5	97	49.00%	46	22.60%	5	3.00%	46	23.50%	11	6.00%	4.86	2.36

Previous research shows that online customers have a number of advantages over ordinary banks: creating opportunities for use (audio, video, text), offering new services to banks that are not online sites, and producing effective press releases on key events. and interactive services (such as email and opinion polls).

2.3.5. You have suggestions for improving performance standards on websites for customer use

According to the results of Table 12, the main proposal of the respondents to increase the activity of the banks' online website came in the following important order: cooperation of various departments within the UAE banks and assistance to the management of communication technologies to achieve the goals. (4.51), allocate more financial and material resources (4.49), motivate employees through rewards and

incentives (4.37), provide a specialist and online site sufficiently qualified to manage (4.23). On the other hand, the remaining proposals are shown to be relatively insignificant.

The data analyzed in Table 12 confirms the accuracy of the previous data, which shows that the development of the website is related to key factors related to the financial, administrative, organizational and human aspects. This means that employees understand the working conditions, development requirements in both management and technology, and the real problem that hinders the development of the organization.

Table 12: Answerer to the question "You're Suggestions for raising the standard of the performance in the electronic sites for customers use"

Suggestion	Strongly agree		Agree		Don't know		Disagree		Strongly disagree		MEAN	STDEV
	#	%	#	%	#	%	#	%	#	%		
1	121	60.50%	69	34.50%	0	0.00%	6	3.00%	4	2.00%	4.49	0.82
2	110	55.00%	62	31.00%	2	1.00%	16	8.00%	10	5.00%	4.25	1.13
3	140	70.00%	40	20.00%	5	2.50%	11	5.50%	4	2.00%	4.51	0.94
4	80	40.00%	85	42.50%	10	5.00%	15	7.50%	10	5.00%	4.05	1.10
5	97	48.50%	66	33.00%	6	3.00%	21	10.50%	10	5.00%	4.10	1.18
6	99	49.50%	70	35.00%	15	7.50%	14	7.00%	2	1.00%	4.23	0.94
7	103	51.50%	79	39.50%	8	4.00%	9	4.50%	1	0.50%	4.37	0.80
8	89	44.50%	82	41.00%	10	5.00%	16	8.00%	3	1.50%	4.19	0.96

Many of the suggestions presented in this table are consistent with the findings of the research that addresses institutional development, despite the differences between some of the results of research in the developing and well-developed world.

Data analysis generally refers to a problem with the technology used by modern employees in UAE banks. This problem is the product of a number of factors, including how well the technology has been adopted in terms of operating conditions and requirements, location and characteristics, and backward conditions in UAE banks. The analysis shows that some of the barriers faced by individual banks (online websites) are mainly the way of thinking, understanding of technology, business management, problems of bank employees, financial and administrative aspects and shortcomings in the operation of the website. interaction with the bank's activities. All this created a

number of problems for the organization, as evidenced by the lack of development, analysis and interviews with employees and customers.

Findings and recommendations:

1. The e-banking system faces a number of problems related to the activities of personnel, obligations to manage and implement the e-banking system. This is due to a number of important factors, including the lack of recognition of staff in UAE banks, weak social participation and lack of good customer guidance. Faced with such a problem is to reconsider the mechanisms of administrative work, to encourage employees, to understand the importance of their skills and, therefore, to update the e-banking system of banks.

2. There is a problem with the online operating system of banks, it requires more development and modernization in terms of the fact that some employees do not work with modern technology, as it requires a lot of services and more experience to customers. This can only be achieved through good performance, skills and development, while promoting the experience of employees in modern technology.

3. Another problem is the inability of employees to adapt to system congestion and poor use of technology. Experience is not enough, as some customers believe. Therefore, banks need to rethink their human resources policy in accordance with a strict plan that provides better training, financial and humanitarian aspects.

4. No bank can achieve development without paying attention to modern technological management, such as communication technology. This is evident in most banks in the developing world.

The current study highlighted a flaw in banks and the performance and skills of employees. The administrative infrastructure of the institution must be rebuilt in accordance with the requirements of e-banking and the nature of work.

III Chapter. BENEFITS OF ARAB EMIRATES BANKS

3.1. Lack of currency control by the state of the UAE

The United Arab Emirates did not immediately come to modern success. Even in the middle of the twentieth century, they experienced difficult times: lack of infrastructure and roads, economic crisis, poverty, instability in the financial sector. As the country's wealth grew, various government departments appeared that were called upon to lead a particular sector.

It is difficult to imagine a spinning power without the Central Bank, so the government did not even have doubts about the feasibility of its foundation. In 1973, the Central Bank began its activities in order to become a powerful financial center in the Middle East in a few decades and an example to emulate the National Banks of many countries.

The creation of the country's main financial department has further strengthened the UAE's financial policy. Foreign investors are imbued with confidence in a young state that acts in accordance with international standards and shows a desire to pursue a civilized policy. And foreign banking institutions wishing to conduct their business in the UAE realized that they would have to try hard to get a license.

All powers and features of the Central Bank of the UAE were specified in the "Law No. 10". Chief among them are: (Hasen, M., 2016)

1. Issue and control of the national currency - the dirham, ensuring its stability and convertibility into foreign money in accordance with the rules of law.
2. Maintaining the efficiency and integrity of the entire UAE financial system.
3. Reasonable credit policy, which should contribute to the active growth of the economy of the Emirates.
4. Advising the government on financial matters.
5. Issuance of licenses to commercial financial institutions that wish to start working in the Emirates.

6. Monitor their activities so that they are consistent with the country's general finance policy.

7. To take care of the level of the gold and foreign exchange reserve in the treasury of the UAE, which is the key to state wealth.

8. Represent state interests in world financial organizations, such as, for example, the International Monetary Fund and others.

9. Carry out emissions and other operations with the national currency of the UAE.

10. To make all financial transactions of the UAE, which do not contradict the "Law No. 10".

The central bank of the UAE copes excellently with its responsibilities. For three and a half decades, he managed to form one of the best banking systems in the world - a model for many.

Dubai International Financial Center is a free zone located in Dubai, United Arab Emirates. It offers firms a zero income tax guarantee for 50 years, 100 percent foreign ownership, a lack of foreign exchange control, and a legal system based on common English law.

In a country where English is widely used as a commercial language, the United Arab Emirates has a lot to offer for those who want to go abroad. The country, also known as the UAE or the Emirates, has a very stable system of governance, modern infrastructure and is one of the richest countries in the world per capita.

Marine investors will find the country's open economy and very favorable tax laws very attractive. It is worth noting that many of the world's largest banks and the OECD have an incredible level of banking secrecy, which is mandatory without tax information exchange agreements.

The United Arab Emirates consists of seven emirates, which, like the British protectorate, have always had a high level of political autonomy. After gaining independence in 1971, seven emirates merged into the United Arab Emirates

Federation. Located on the southern coast of the Arabian Gulf, the UAE is an active participant in many international organizations, including the United Nations, the World Bank and the International Monetary Fund. It is also a leading trade center in the Middle East.

Overtaking Dubai as an offshore option in the UAE, RAK has become a leading destination for foreign investors, companies and individuals with ease of registration, low prices and flexibility. Established as a free zone in 2006, Ras Al Khaimah is managed by the Investment Organization (RAKIA).

Business Advantages in the UAE - RAK: (ElMassah, S., 2015)

- Marine investors in the UAE do not pay corporate or personal income tax.
- A person who wants to open an offshore company in the UAE does not need to be a physical person.
- Strong trade relations with the countries of the Middle East and North Africa, the European Union and the United States, as well as a significant part of South Asia.

The UAE has 18 different free trade zones. All offer 100% ownership and zero taxes. The main differences between free trade zones are that some are more focused on specific business sectors than others.

High protection or confidentiality with transparency on the rules for establishing and maintaining an offshore company in the UAE.

It is one of the fastest growing economies in the world and one of the richest. It has the third largest discovered oil reserves in the world.

Despite the abundance of oil and natural gas, the UAE sought to develop a diversified economy. Currently, only 25% of GDP is based on oil and natural gas production.

There are more than 1,000 American companies in the country, many of which have turned the UAE into a regional headquarters in this part of the world.

There is no currency control.

A business gateway for more than a billion people. It is a regional transportation hub with access to more than 170 shipping lines and more than 80 airlines connected to more than 100 major cities around the world.

It actively promotes tourism and holds a number of international festivals and sporting events. The long coastline is a mecca for visitors.

The cost of living in the major cities of the emirates is lower than in London, New York, Mumbai and many other major cities around the world.

It is one of the most liberal countries in the Middle East. Its demographics are very diverse and other cultures are allowed.

Today, many financial institutions dream of entering the UAE market, but the Central Bank is not too generous in issuing licenses, immediately sifting out banks that have spots on their reputation. Now in this country about 50 financial institutions provide banking services, more than half of them are foreign commercial banks with a network of 200 branches. It is possible that there would be much more branches at foreign institutes, but the very same “Law No. 10” limits their number to 8.

According to the order of the government in the UAE, the activity of 5 types of financial institutions is permissible: (Blakstad, S. & Allen, R., 2018)

1. Commercial banks - those that accept funds from the population for storage, issue loans, sell securities and provide other specialized services.
2. Investment - banks whose activities are aimed at long-term or short-term financing of certain projects, to manage the investment portfolio.
3. Financial institutions that can engage in lending, but cannot, by virtue of the prohibition, take money from their customers to store them on deposits.
4. Financial intermediaries or, more simply, brokers who can distribute shares, both local companies and foreign, while having their own percentage on each transaction.
5. Money intermediaries - currency exchange offices.

It is not by chance that the banking system of the Emirates looks so attractive to foreign investors. It really has several advantages:

1. Confidentiality of these depositors is a prerequisite for the work of each of the financial institutions of the UAE. No one will violate bank secrecy, fearing for their reputation.

2. The liquidity level of funds in UAE financial institutions is incredibly high, their vaults are simply full of money, so the client can immediately receive the entire required amount.

3. The reliability of the UAE banking system was confirmed thanks to the economic crisis that only a couple of years ago left the country. Those customers who decided to take their deposits were able to do this without difficulty, no one was deceived.

4. A wide network of branches, spreading throughout the country, which minimizes the number of queues.

5. Easy to understand and highly protected from cyber attacks Internet banking, thanks to which the account can be managed from any country.

6. The political stability of the state in which your money is stored. In the UAE, they certainly will not suffer because of uprisings or revolutions.

7. The relatively small amount that the depositor must pay for servicing his account.

8. The transparency and simplicity of the procedure that a client is required to go through to open an account with a UAE bank.

It would seem, why make changes to the "Law No. 10", which has been successfully operating since 1980. However, the government of the UAE in recent years has been seriously thinking about making changes to it. This initiative is supported by the International Monetary Fund, which believes that the provision of greater freedoms to the Central Bank, less control by the UAE government of its credit and financial

policy will benefit both the development of the banking system and the country's economy as a whole.

Another reason that pushed the authorities of the Emirates to change the law is its tight attachment to the dollar, which means some dependence on the financial and economic situation in the United States. This should be taken into account by the Central Bank when setting interest rates on loans and deposits, which is not available today. Particular attention in the new law will be devoted to lending, since bank deposits in the UAE have long been popular, but the issuance of loans is sluggish, which reduces revenues to the budget of the Emirates.

In Abu Dhabi (the capital of the UAE), they are still doubting whether it is worth giving the Central Bank greater authority in pursuing the credit and financial policy of the Emirates or whether to leave it as it is. Experts believe that the country's authorities will nevertheless listen to the IMF and slightly weaken control over the National Bank, however, leaving effective levers of influence on the leadership of the country's main financial institution.

3.2. Stable, powerful UAE economy

The United Arab Emirates has been participating in the General Agreement on Tariffs and Trade (GAPP) since 1994, and since 1996, it is a member of the World Trade Organization (WTO). The country is also a member of the Arab Free Trade Zone, which includes all the member countries of the Arabian Gulf Cooperation Council (PGCC).

The country's economy is characterized by a high level of openness, the active development of the industrial sector, and the growth of foreign trade. Dependence on the oil sector remains, but its share in GDP is steadily decreasing.

The main sectors of the national economy: (Faris A A., 2016)

- production and processing of oil and gas;
- tourism;
- production of aluminum, cement, chemical fertilizers, pharmaceuticals, ceramics, clothes;
- transport services.

The oil industry accounts for about 30% of the country's GDP. According to forecasts, by 2021, the share of oil in the UAE's GDP structure should be no more than 20%.

The fundamentals of sustainable economic growth were formed thanks to revenues from the export of hydrocarbons, which were invested in substantial volumes in infrastructure and industrial facilities.

Explored UAE oil reserves amount to 97.8 billion barrels, gas - 6.5 trillion cubic meters. m

The economic development of individual emirates in the federation is uneven. The largest contribution to the country's GDP is made by the emirates of Abu Dhabi (60%) and Dubai (30%). The northern emirates of Fujairah, Ajman, Ras al-Khaimah and Um al-Quwain are the least developed. At the same time, Abu Dhabi stimulates the economic development of the northern emirates by creating new industries and developing infrastructure.

The Emirate of Dubai remains the country's leader in diversifying the economy, reducing dependence on the oil factor, and attracting foreign investment. Dubai deservedly claims to be the regional center for trade in services - tourism, information, transport and commercial.

The dominant link in the industry in the near future will remain metallurgy, primarily export-oriented aluminum production. Actively developing industrial production of goods. For example, the industrial development strategy of Dubai until 2030 includes 75 initiatives designed to attract over 44 billion US dollars to the economy of the emirate.

The basis of the strategy are tasks such as: (King B., 2018)

- increased production in the manufacturing sector;
- development of innovations;
- creation of an attractive production base for international companies;
- introduction of energy efficient production;
- Creation of a world center for the Islamic commodity market.

The following six areas of production are identified as priorities in the strategy:

- aerospace;
- sea;
- drugs and medical equipment;
- Food;
- cars and equipment;
- production of aluminum and metal products.

An important sector of the national economy remains the field of tourism services. In the UAE, there are more than 600 hotels. By 2020, the UAE tourism industry plans to host at least 20 million people annually. In 2015, the Emirates was visited by 16.5 million foreign tourists. The Emirate of Dubai in 2020 is preparing to receive 25 million visitors at EXPO - 2020, of which 70% will come from abroad.

The development of the tourism sector is inextricably linked with the modernization and development of airport infrastructure in order to progressively increase its capacity. The International Air Transport Association predicts an increase in passenger traffic in the Middle East and North Africa by 4.9% annually until 2034.

An important role in the country's economy is played by the energy sector. By 2050, the UAE plans to receive more than 75% of the energy used by the country from renewable or alternative sources. The most promising in this regard is the development of solar energy in the region, as well as ocean hydroelectric power plants. Abu Dhabi plans to allocate about 165 billion US dollars over the next 30 years for the development of alternative energy sources.

A significant contribution to the economy of the UAE is made by the banking sector. There are 52 banks in the country, including local and foreign. There has been a tendency to merge and unite financial structures to increase their regional competitiveness. On April 1, 2017, the merger of the National Bank of Abu Dhabi and the First Bank of the Gulf was completed, as a result of which the First Bank of Abu Dhabi appeared, which became the largest in the UAE and one of the largest in the region of the Middle East and North Africa with total assets of more than \$ 180 billion USA.

The UAE has well-developed automobile, air and sea modes of transport, there are 6 international airports with which more than 200 airlines of the world work. The country has more than two dozen ports through which more than 100 million tons of cargo travel annually.

The share of the agricultural sector in the UAE economy is low. Nevertheless, private investment stimulated by the government of the country in the development of the production base of certain food products (mainly vegetables grown in greenhouses) allowed to slightly reduce the UAE's dependence on imports.

The top lines in the ranking on imports to the UAE are India, China, the USA, Germany, South Korea, Japan, Italy, Switzerland, Saudi Arabia and the United Kingdom.

The main destination countries for the re-export of the UAE are India, Iran, Iraq, Afghanistan, Saudi Arabia, Kuwait, Belgium, Bahrain, and Oman, which account for 70% of re-export operations. (Quecada V., 2017)

In exporting, the leading positions are held by gold and precious stones, oil, polymers and ethylene.

In the structure of imports, the main goods are gold, in the second place are diamonds, in the third - cars, in the fourth - machinery and devices.

On the basis of the liberal economic (including tax) regime established by the UAE Government, measures are being taken to establish the state as a regional center of trade, banking services, scientific and technological developments and tourism.

One of the priorities of the state economic policy is the stimulation of internal and external investments and the development of infrastructure of free economic zones. In the UAE, there are 36 free economic zones with various industry specializations.

3.3. Modern, reliable banking system in the UAE

UAE banking system - a system of credit and financial institutions of the state of the UAE, consisting of the Central Bank of the UAE, local commercial banks (with full and limited licenses) and branches of foreign banks (including Islamic banks), as well as investment banks.

By the time the global financial and economic crisis of 2008-2012 began, 41 banks were operating in the UAE. (Foley S., 2012) During 2008-2010, 40 of them, including the largest UAE banks Emirates NBD, Mashreq and Commercial Bank of Abu Dhabi, except one, recorded unprecedented losses. The only bank annually announcing its \$ 1 million profitability was First Gulf Bank. Having survived the first two years of the crisis, the UAE banks began to gradually recover from losses. The crisis pushed the Emirate banks to thoroughly clean their balances of dubious assets. The revival of the construction business and related services in recent years inspires optimism in the UAE banking sector and leads to improved banking performance. For example, the reserves of Emirates NBD, the largest emirate bank in 2012, approached the size of 1 billion US dollars.

In the spring of 2012, the HSBC Bank Middle East announced the purchase of Lloyds Banking Group PLC retail and commercial banking business in the UAE (Lloyds TSB Bank Plc.). Lloyds' banking assets under this transaction are valued at \$ 769 million (as of December 31, 2011), and the customer base is about 8.8 thousand

customers. The completion of the transaction is expected during 2012. (Asifulla, A., 2016)

A bank with a limited license does not have the right to accept dirham deposits from residents, only in foreign currency. Such a bank can provide loans to both residents and non-residents to interested parties.

Strictly speaking, investment banks are not banks in the classical sense, because they carry out investment operations, not banking. UAE Law No. 10 of 1980 defined an investment bank as a bank that does not have the right to accept deposits for less than two years, but does not have the right to attract investment from local and foreign banks, as well as in the financial sector. markets.

The transfer system provides remittances (especially guest workers) and is part of the international financial system. Hawala preceded the Western method of banking in Asia. Before the emergence of the first Western bank in Asia, around 1770, money changers and hawaldars played an important role in almost all trade and financial transactions. There are a large number of migrant workers from India, Pakistan and Bangladesh in the UAE who develop hawala, which contributes to the steady growth of hawala operations in the UAE. The Central Bank has taken measures to legalize and regulate control over the system by issuing licenses to hawala operators. In addition, the Central Bank is obliged to inform authorized sellers about suspicious transactions. It was as a result of the previous anonymity and the almost complete absence of documentation in the hawala system that it was often used to finance illegal activities.

In the UAE, you can register a financial or investment company to deposit funds in your own projects or promising start-ups, securities or real estate in the UAE and abroad, to acquire a share in other companies, etc. Financial and investment licenses are divided into groups depending on the direction of your business, each of which has its own characteristics when entering the international space.

To conduct exchange activities (Activities Auxiliary to Financial Service Activities) as a professional market participant or invest outside the UAE, an investment license is issued.

A separate group of licenses covers distance accounting (Accounting, Bookkeeping and Auditing Activities; Tax Consultancy) and includes activities related to the preparation of accounting reports, audits, verification of accounts and certificates of authenticity, preparation of analytical reports on the flow of funds, accounting advice.

The financial license “Activities Auxiliary To Financial Service Activities, Except Insurance And Pension Funding” allows you to advise on investments and mortgages, make payments on credit cards, transfers and payments, carry out trust management of accounts and provide custody services.

The consulting license “Management Consultancy Activities” is provided for consultations on conducting and managing a business - you can conduct large-scale business development, develop financial, advertising strategies, algorithms for hiring employees and personnel management.

Individual licensing is provided for financial activities such as leasing, direct investment and capital management.

SORP Group is a leading consultant in the UAE market, which has a wide range of tools for organizing and developing your business in the UAE, including registration of a legal entity, obtaining licenses for financial and investment activities, registration of tax resident status to protect against automatic information exchange and formation business processes and financially profitable tax optimization schemes.

Cooperation with the SORP Group is the key to effective financial investments in business in the UAE and beyond. Company's experts will help you build the optimal business structure using legal schemes to conceal the ultimate beneficiary and take on the accounting, legal and other functions that ensure competent conduct of activities within the UAE and in the international arena.

Emirates is an international economic hub in which any financial and investment activity receives state support

The banking system of the United Arab Emirates consists of the Central Bank along with local and foreign banking institutions. At the same time, the Central Bank of the UAE performs key functions in the country's economy and has a strong financial structure. Advises and provides financial support to the Government of the United Arab Emirates, issues the national currency (dirham), monitors the activities of the country's banks, etc.

The Central Bank of the UAE has very strict requirements for the issuance of licenses to foreign and local banks, as well as for the services they provide. Therefore, only reliable and reputable banks that provide comprehensive services to companies and individuals are represented in the UAE financial market.

It should also be noted that there are investment banks and commercial banks with limited licenses in the United Arab Emirates. These are not banking organizations in the classical sense. Such banks have the right to accept deposits for at least 2 years and attract investment from foreign and local banks.

Banks with limited licenses, in turn, differ only in that they can make deposits in foreign currency (and not in dirhams). In addition, loans are issued not only to residents, but also to non-residents of the UAE.

The United Arab Emirates also uses the Hawala System. This system regulates the rules of financial settlements and operates informally not only in the UAE, but also in all other countries in the Middle East, as well as in Asia and Africa.

The Hawala system is mainly used for remittances to foreign wage earners. Hawala provides banking operations with fax, e-mail and telephone banking. (Henderson, J., 2018)

Recently, many maritime jurisdictions are under pressure from the world's most powerful states. Today, even Swiss banks are unable to ensure 100% confidentiality of customer information

Against this background, the banking organizations of the United Arab Emirates are an excellent alternative. With a strong economy and independence from international financial institutions, UAE banks are becoming increasingly popular among foreign investors and business owners.

The main advantages of Emir banks are:

- Lack of state control over the stock exchange;
- Stable, strong economy;
- Modern, reliable banking system.

According to financial analysts, the United Arab Emirates has a balanced and relatively stable state budget. In recent years, the state has taken leading positions in terms of income. In terms of living standards, the United Arab Emirates has long been comparable to the most developed countries. The national financial sector is actively developing, in addition, the country's government is implementing a policy to maintain the structure and indicators of profitability of state investments abroad.

The UAE financial sector is one of the largest economic sectors with an impeccable reputation in the international arena. Reliability and stability of the sector is ensured by the competent policy of the Central Bank of the UAE. In particular, the Central Bank makes very high demands on its own capitalization of banking institutions. That is why banks in the UAE are included in the category of highly reliable financial institutions.

Banking and finance in the UAE are governed by regulations of the Central Bank, which define the following types of financial institutions operating in the UAE:

- Investment banking institutions;
- Commercial banks;
- Financial and credit intermediaries.

Each of these financial institutions is required to obtain an appropriate state license.

Given the realities of the modern international economy, the Government of the United Arab Emirates implements special programs aimed at mitigating the negative impact of financial crises that are shocking the world. For these purposes, the overall liquidity of local banks is increasing and the level of government spending in this sector of the economy is increasing.

In turn, through the creation of industry clusters and the development of the financial sector, the policy of diversifying the national economy is actively supported. In addition, constant work is ongoing to improve the regulatory framework governing the financial sector of the state. The state is fully prepared to provide support to local banking institutions. Despite attempts to reduce government intervention in the private financial sector, banks in the UAE can always count on the help of the country's main financial regulator.

The UAE's financial sector, including banks, microcredit institutions and exchanges, is very attractive to potential investors. Such popularity is due to the following factors:

- High reliability provided by strict lending criteria;
- Continuous accounting and analysis of short and medium term prospects.

It should be noted that the UAE banks are actively involved in financing international trade, including export and import credit programs. Also, the growth and stability of the national banking system is ensured by the development of the local market of the United Arab Emirates. Today, banks take part in a variety of national projects. Money in the UAE goes to a variety of projects - in the field of desalination, national energy and the oil and gas sector, various industries.

A convenient banking system has been created to develop private and public business in the United Arab Emirates. It is controlled by state bodies, there are benefits for starting your own business, profitable products for individuals. Now banks in Dubai and Abu Dhabi offer products for business, local citizens and visitors.

Until 2012, the banking sector developed rapidly. But after the crisis, most of the institutions reported losses. Therefore, the state system of control and regulation was revised. The requirements for the assets of Dubai banks, the issuance of licenses have been tightened. But this did not affect the development of the banking sector. Now in Dubai there are representative offices of local financial institutions and world corporations (King, B., 2018).

- Features of the financial system of the country:

- Commercial Banks of Dubai with a limited license. Feature - they can open deposits for local residents only in foreign currency. Dirhams are forbidden. But he can give loans to everyone - UAE citizens, foreign residents.

- Investment banks in Dubai are created for the growth of the tourism business, industry in the country. The term limit for deposits is up to two years.

- The Hawala System, “Hawala” - a money transfer system. All foreign workers in the country use it. It ensured complete anonymity of transactions, but after 2012 the requirements for it became tougher.

Banks in Dubai and other emirates are regulated by the central Bank Of Emirates. The financial condition is checked, new organizations are issued licensing. The advantage of the UAE banking system is there is an opportunity for the development of private business, many products for individuals and organizations. Including non-residents of the country.

According to the results of financial activities, Dubai Islamic Bank is recognized as the largest bank in the emirate of Dubai. Here you can open a deposit, take a loan. There are many interesting products for commercial companies. Advantage - a network of branches operates abroad and in the country. However, the norms of Islam are accepted here, therefore, employees are demanding of appearance, a respectful tone is respected. Non-Muslims may be served.

Current rating of banks located in the city of Dubai:

- Al Hilal Bank. The main office is located in Abu Dhabi, several branches are opened in Dubai. Part of the assets belongs to the UAE government, therefore, state programs to support private business are working.

- First Gulf Bank. One of the oldest banks in the United Arab Emirates, founded in 1979. The founders are Sheikh Zayed bin Sultan. He specializes in mortgage lending, is associated with many UAE construction companies. It is developing dynamically, more than 30 branches in the country are open.

- Citibank UAE. A popular financial institution, Dubai banks of this network opened in 1964. Activities are only commercial. Transactions are concluded for the purchase of real estate, you can conclude a deposit agreement, take a loan. Serves UAE residents, non-residents who are officially in the country.

- Union National Bank. Bank Leading Centers in Dubai and Abu Dhabi. It is one of the three leading financial organizations in the country. He is engaged in investments, servicing the private and commercial sectors. The advantage is a lot of branches, a convenient system for executing contracts and other documents.

- Emirates NBD. Convenient for individuals, many banking products have been developed for them. Feature - many small branches of the bank located throughout Dubai. There are branches abroad, which simplifies the transfer of money.

- Bank of a wide profile, works with individuals, organizations. But this narrows the list of products. There are a number of interesting proposals, announcements of their appearance are posted on the official website.

According to customer reviews, the service in the banks of Dubai is at a good level. Provide information on all services in Arabic and English. But all internal documentation is conducted only in Arabic.

The developed banking system in the UAE allows servicing residents and non-residents of the country. Here conditions are created for running your own business, investments. In the branches you can get standard banking packages, get new products. The staff can communicate in English.

Standard services in UAE banks: (Naser, K. & Moutinho, L., 2017)

- Personal account - for citizens of the United Arab Emirate and non-residents of the country. Possibility to choose a currency, but for visitors there are higher requirements - account balance.

- Ability to open a current account for corporate business.

- Lending - mortgage, cash.

- Banking operations - money transfer, replenishment of debit and credit cards, payment for services.

To open an account, a minimum package of documents is required. Reliability of storage of funds provided by the state. Relatively high deposit rates. In reviews, it is often noted that Dubai banks have low service rates.

Taking into account the population of the Emirates, we can say that in the UAE there are a relatively large number of banks, and the banking sector is quite diversified.

Emirates has a high presence of foreign banks. Of the 46 commercial banks, 28 belong to foreigners. In general, the UAE has about 90 branches and about 10 representative offices of foreign banks. There are also two investment banks and five wholesale banks in the Emirates.

In three of the four largest asset banks in the UAE, the state has a majority stake. These are Emirates NBD, Abu Dhabi Commercial Bank and National Bank of Abu Dhabi.

Emirates NBD was established in October 2007 as a result of the merger of two Dubai banks, Emirates Bank International and National Bank of Dubai. Moreover, these were the second and fourth largest banks in the UAE. Emirates NBD is the largest total asset bank in the Middle East.

In 2016, it was decided to merge the National Bank of Abu Dhabi and First Gulf Bank, as a result of which the largest creditor in the Middle East will be created with assets exceeding 175 billion US dollars.

In 2004, the Dubai International Financial Center (DIFC) was established in the UAE. This offshore financial center should make Dubai the leader in capital and investment in the Gulf region. Over 1,500 institutions have already established a presence at DIFC.

After 2008, the banking sector was significantly affected by the global financial credit crisis, mainly due to problems in international capital markets and because of its high dependence on real estate markets, especially in Dubai. The share of overdue loans has increased.

Unfulfilled obligations began to decline in October 2012, partly due to the restoration of the Dubai property market.

The Central Bank of the UAE has provided the Emirates banking sector with about 33 billion US dollars, through loans to financial institutions with guaranteed deposits in local and foreign banks.

The main tool for making cashless payments in the UAE are checks. Recently, the use of online banking has led to an increase in the use of electronic transfers. The number of bank card transfers is also growing rapidly, especially in the retail sector.

The UAEFTS system is used for payments in large amounts, as well as by companies for payments to suppliers and for payment of salaries. Taxes are also paid through this system.

Transfers inside the bank can go through the bank's own electronic systems.

Most cross-border transfers go through SWIFT between correspondent banks.

The use of bank cards for payments is constantly growing, especially in the retail sector. In the Gulf region, only Saudi Arabia and Kuwait use maps more often.

Emirate banks mainly issue Visa and MasterCard cards as credit cards. As a debit card, Debit Master Card, VISA Electronic and UAESWITCH Debit Card are mainly used.

Each emirate bank enters into its own clearing and settlement agreements with card issuers. Since 2009, all banks are required to use a chip and PIN for all cards in order to reduce the number of cases of card fraud.

The number of ATMs and POS-terminals is also constantly growing. Moreover, the ATMs in the UAE are interconnected through the UAE SWITCH system. In addition, they are combined with the GCC ATM network, which also includes ATMs in Egypt and Lebanon.

The Ministry of Finance and the National Bank of Abu Dhabi have developed a special e-wallet, and for it an e-Dirham card. This card is mainly used to pay for public services. The card is issued to companies and individuals by several banks and the Ministry of Finance. The e-Dirham card can be used both in terminals and online. In the future, this card may become part of the national ID card.

CONCLUSION

The development of the banking industry always keeps pace with the times, and banks have to constantly solve new problems and meet constantly changing consumer preferences. In recent years, the transition of the banking industry to digital technology has undeniably become a reality throughout the world. In our region, the UAE was one of the first countries to actively begin the transition to digital technology, which led to the widespread digital transformation of many sectors, including banking.

It is not surprising that the UAE is a country where there is one of the highest in Internet penetration the world, end users are used to making fast transactions anytime, anywhere and on any device. And banks have to work hard to meet the constantly their customers changing needs, and they are actively introducing digital technologies. The modern generation of two-thousandths more than anyone else is counting on their banks be in the forefront of technological transformation.

Accordingly, in this country there is a very high level of use of electronic banking services, the growth of which will continue in the future. Recently, A study was conducted on electronic banking services, during which 900 IT executives and decision-makers in the banking sector, as well as 11,000 consumers from 14 countries, including in the UAE, were surveyed around the world. The results of our study indicate the active development of electronic banking services in this region: 74% of UAE respondents use online and mobile banking services.

According to the results of our research, one of the key advantages of electronic banking is the convenience of these services for end users, especially in comparison with traditional banking services. In particular, two-thirds of consumers from the UAE (67%) said that using electronic banking services for them is much more convenient than personal visits to offices. In fact, the development of digital banking services has provided customers with a convenient opportunity to interact with their bank - in the format they need and exactly when they need it. To solve many banking operations,

customers no longer need to visit branches, just make a couple of clicks on a smartphone or tablet.

However, bank branches will continue to playing an important role in complex transactions, as when applying for a loan or issuing a credit card. Consumers are increasingly choosing to use several different channels at once, rather than concentrating solely on digital services or service only in offices. Therefore, it is obvious that in order to meet the current situation, banks need to adjust their offers and provide consulting services at their physical branches and branches that are of higher value to customers.

The other side of the ongoing digital transformation is reinforcing security concerns, which are one of the main concerns related to electronic banking. The key of the success e-banking the ability of financial institutions to strike a balance between simplicity and convenience for end users and ensuring the proper level of security and trust. Although the leading banks of this region are actively investing in security technologies, our solution showed that traditional passwords remain the main tool for ensuring security in electronic banking solutions (86%), while other security functions, such as encryption or biometrics, are used far not so wide. There are many different security threats that can affect the operation of a bank. There is no rule or security device that will properly protect a system connected to a social network. Often, operational security issues are the result of unreliable data transmission between servers and clients. E-banking platforms offer a variety of methods to ensure a high level of security: authentication and authentication tools, encryption and firewall. Banks need to be flexible in meeting these new security requirements. There is no doubt that multi-level protection from threats is the only right decision, and banks must ensure the necessary level of security as a key security factor in the provision of services.

In addition, It was found that 47% of consumers in the UAE admit that there are gaps in the security of electronic banking solutions, and 39% express concern that the use of banking applications and websites puts them and their personal data at risk.

Given the number of users who are concerned about this issue, it is obvious that banks in the UAE need to increase their security levels, but at the same time, without compromising user convenience, achieving a perfect balance. Only in this case they will be able to continue the successful development of electronic banking services and fully realize their potential.

Fortunately, decision-makers at UAE financial institutions understand the need to further improve security measures and plan to introduce new solutions, and most often (55%) they mention two-factor authentication solutions. Many banks today are considering introducing biometric technologies, for example, fingerprint scanning, face or retina recognition, which are considered the most important technologies of the future. Many banks intend to implement such solutions over the next five years. It is important to note here that consumers are also aware of the advantages of biometric technologies, while the majority consider them to be more secure and reliable (75%) and also more convenient (49%) compared to traditional methods of ensuring security. In addition to biometric technologies, banks are also recommended to apply two-factor authentication, encryption and implement a multi-level approach to not only increase the level of security, but also provide additional convenience for users.

The e-banking system is one of the strategic tools found in any bank, and the staff of this system can carry out a number of key processes as a system or make any decision based on modern technology. It is necessary to recognize the impact of e-banking on banking in the UAE. These bodies must understand the nature of the changes that are taking place, as well as anticipate technology and services and use them effectively.

This study sought to determine the extent to which UAE banks can finance the technical skills of staff and interactive services provided to customers, the effective application of modern technologies, and the attention paid to good staff in order to provide selected services to customers.

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