

MANAGING RISKS AND ACHIEVING COMPETITIVE ENVIRONMENT IN THE ALJAZIRA BANK

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**MANAGING RISKS AND ACHIEVING COMPETITIVE
ENVIRONMENT IN THE ALJAZIRA BANK**

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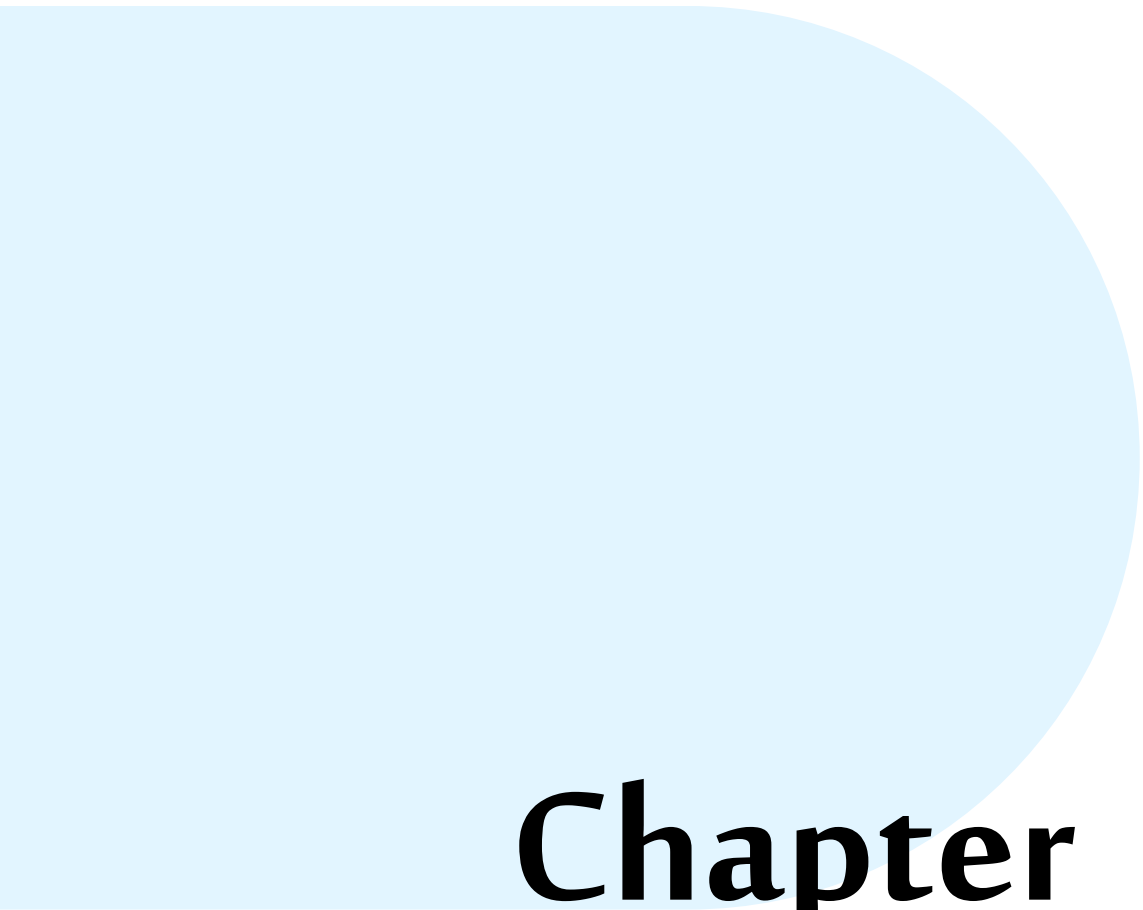
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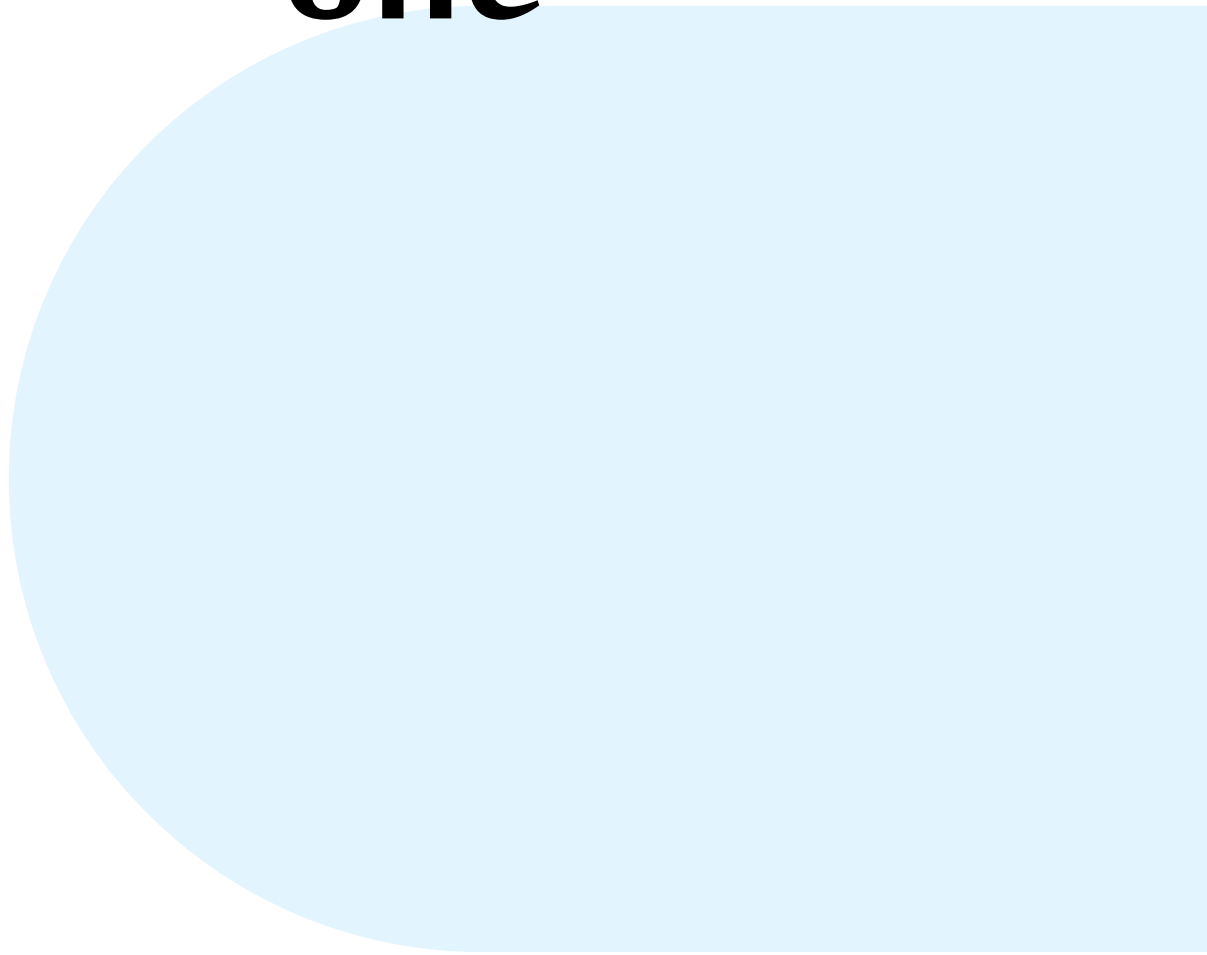
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Chapter

one



CHAPTER ONE: BACKGROUND

Introduction

Risk management is critical to achieving success in the markets. This study aims at analysing risks and mitigating their effects, determining the likelihood of risks occurring and their effects, developing risk management policies ,preparing risk assessment reports and their great influence in achieving a competitive environment in the Al Jazira bank.

Decision-makers at organizations in any field heavily depend on risk management and analysis methods presumably to improve critical decisions that they may face at their business. However, commonly used methods that show little evidence of improving decisions and taking the best choice. Instead, they could actually make decisions worse if they don't follow the right path or criteria.

This is because many of the most popular risk management tactics aren't rooted in sound quantitative analysis. In the Second Edition of *The Failure of Risk Management*, Douglas W. Hubbard, inventor of Applied Information Economics (AIE), addresses how organizations and governments can perform risk analysis properly.

Over the last decades, Saudi Arabia has experienced a rapid economic growth due to economic reforms, liberalization, and opportunities brought by globalization. This growth has been fueled by the country's banking sector, which plays an important role as the main lender to government projects and businesses. Despite the positive performance of Al Jazira bank, the sector is facing certain risks, such as tight competition from global banks, high compliance and technological requirements, low capital adequacy, and changing customer expectations. It is thus essential that Al Jazira bank focus on effective risk management and competitive strategies to mitigate the risks and expand market shares.

The banking industry plays a vital role in the growth and development of any economy. Banks provide critical financial services to businesses and individuals, facilitate payments, and allocate capital. However, banks also face several risks and challenges that can impact their profitability, stability, and reputation. These risks include credit risk, market risk, operational risk, and regulatory risk.

The Kingdom of Saudi Arabia (KSA) has a well-developed banking sector that is dominated by local banks. However, in recent years, the KSA has encouraged foreign banks to enter the market to increase competition and improve the quality of financial services. While foreign banks offer several benefits, they also face several challenges and risks.

Objectives:

The main objective of this research is to explore the risks and challenges that foreign banks face in the KSA and identify strategies to manage these risks. Specifically, this research aims to:

- Identify the key risks and challenges faced by foreign banks operating in the KSA.
- Explore the impact of these risks and challenges on the profitability, stability, and reputation of foreign banks.
- Examine the strategies that foreign banks can use to manage these risks and challenges.
- Provide recommendations to policymakers, regulators, and bankers

on how to create a competitive environment that sustains foreign

banks' entry into the KSA.

- By achieving these objectives, this research will provide valuable insights into managing risks and achieving a competitive environment in the Saudi banking sector.

The purpose of the study:

The aim of this thesis is to analyze the risk management approaches used by Al Jazira bank and recommend strategies to effectively manage risk and establish competitive environments.

Literature Review:

This thesis is structured to synthesize existing literature in the field of risk management and competitive strategies in the Saudi banking sector. The literature review reviews a wide range of studies, which focus on the impacts of various factors such as changing financial regulations, technological innovation, changing customer expectations, and global competition on the performance and competitive strategy of Al Jazira bank. Additionally, the literature review analyzes different risk management approaches used by Al Jazira bank and the effectiveness of such approaches.

The review finds that financial regulation, technology and customer expectations are creating various risks and opportunities, making it increasingly difficult for Al Jazira bank to remain competitive and successfully manage risk. Moreover, the review identifies that, despite the implementation of certain risk management approaches, the sector is still exposed to numerous risks, including liquidity, credit, and operational.

The Research Problem:

What are the risks and challenges that must be managed and explored to develop the competitive environment in the Al Jazira bank. This study aims to explore the risks and challenges faced by foreign banks in the Kingdom of Saudi Arabia (KSA). It is important to explore the risks and challenges as extant literature provides limited guidelines about this pressing issue.

The importance of the study:

This main study evaluates the risk management and competitive strategies employed by Al Jazira bank and makes recommendations for effective risk management and competitive strategies. The study reviews risk management frameworks such as Basel II, tools for credit and liquidity risk management, and internal controls used by Al Jazira bank. Additionally, the study examines the current competitive environment, market trends, and customer expectations of Al Jazira bank.

Based on the findings, it is revealed that the risk management approaches used by Al Jazira bank are inadequate in mitigating various risks. It is also revealed that, despite the sector's efforts to innovate and create a competitive environment, the sector lacks in understanding customer expectations and adapting to other market trends.

Based on the findings, the study recommends that Al Jazira bank implement modern risk management frameworks and tools, such as

economic capital models, value-at-risk models, and behavioral scoring models. Additionally, the study recommends that the sector focus on customer-centricity, use big data analytics to gain a deeper understanding of the customer, and strive to continuously innovate to meet customer expectations and stay ahead of competition. This study will help manage the rising risks in Al Jazira bank. This study could also help regulators, policymakers and bankers to better understand managing risks and how to create a valid and sound banking environment that sustain foreign banks' entry into emerging and developing markets.

Research Hypothesis:

It is hypothesized that, over the past two decades, Managing risks has become increasingly accepted and pressing as a justification for capital protection and creating a valid and respectable competitive environment in the Al Jazira bank :

Disciplines:

Risk management, achieving competitive environment in Al Jazira bank Hypothesis as Question: Should Al Jazira bank have competitive environment ruled and protected by managing risks more accepted as a justification for creating this kind of balance ?

Literature review:

Part of doing research is to dive deeper into a problem by identifying key areas in the topic being examined. To do this involves selecting key words from the information provided and doing a search of the literature using these key words. During a literature review, one creates an annotated bibliography of the list of documents found. First an APA reference list of documents is created that provides valuable information in support of the research. Then for each reference a brief discussion on what the reference is about and how it supports the research topic.

Risk management regarding Al Jazira bank requires hard work, create an annotated bibliography on the case study above. Review the case study and develop a set of key words to search for. Then search for peer reviewed journals and sources that support your research topic. Do not use any references from the case study. Using MS Word or other word processor, create a reference list of each document found. Use Times New Roman 12 font throughout and single-spaced font. Make sure the reference list is in APA style format. Review each source and create a minimum 4-5 sentence paragraph describing what the paper is about and how it relates to the subject of the case study. Put this under the source reference. Repeat this process for a minimum of 20: 30 sources.

Research Methodology:

Methodology for measuring satisfaction with managing risks at AlJazira bank

The survey was first conducted as online survey to test the feasibility of the questionnaire from 1 February 2023 to 1 March 2023. The survey covered 20 respondents who were mailed the evaluation questionnaire. The results of the survey showed that all the respondents understood all the questions.

The baseline survey was conducted through a questionnaire and included a sample of 115 respondents, who were required to have experience in managing risk processes. The survey was conducted from 15 January 2023 to 15 March 2023. A total of 105 questionnaires were collected, of which 100 were valid (5 of the questionnaires were not completed correctly and some of the questions had more than one answer), with a response rate of 95%. The survey was conducted directly through a telephone interview, meetings or internet communication relying on the suitability of the respondents. The valid questionnaires were collected from 9 banking staff at Saudi Arabia.

Research Structure:

The structure of the risk management process in the implementation of the project aim to create a challenging and competitive environment in the Al Jazira bank according to this study . This achieves the implementation of the information support system in banks.

Saudi Arabia has a well-established banking industry that has been growing steadily over the years. The Saudi Arabian Monetary Authority (SAMA) is responsible for regulating the country's banks and ensuring that they operate in a sound and stable environment.

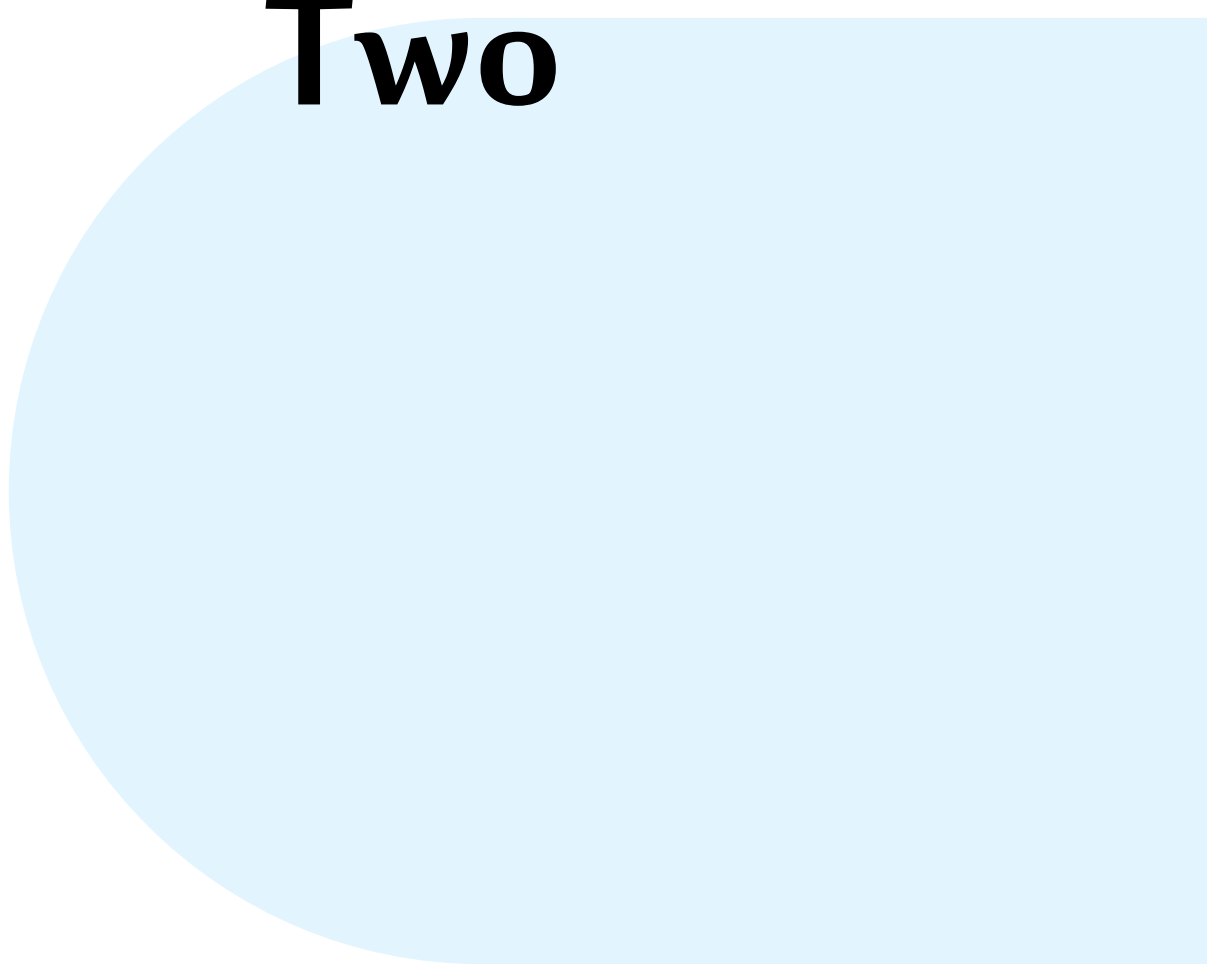
In recent years, the banking industry in Saudi Arabia has faced increasing competition from new entrants, particularly fintech firms. At the same time, there has been a growing focus on risk management and ensuring the stability of the banking system.

This research aims to understand the current state of risk management in Al Jazira bank, the perception of competition in the Saudi banking industry, and the role of regulation and policy in achieving a sound banking environment.



Chapter

Two



CHAPTER TWO LITERATURE REVIEW

Understanding the current state of risk management in Al Jazira bank: Effective risk management is essential for the success of any bank. In Saudi Arabia, banks are subject to regulations and guidelines issued by SAMA, which sets standards for risk management practices. According to a survey conducted by SAMA, Al Jazira bank have made significant progress in implementing risk management practices in recent years. The survey found that most banks had established risk management committees and had put in place policies and procedures to manage risks.

Credit risk is the most significant risk faced by Al Jazira bank, given the importance of the oil and gas industry to the country's economy. Most Al Jazira bank have developed robust credit risk management frameworks that include credit policies, underwriting guidelines, and risk monitoring systems. Market risk, operational risk, and liquidity risk are other risks faced by Al Jazira bank, and they have also developed frameworks to manage these risks.

Perception of competition in the Saudi banking industry:

Competition in the Saudi banking industry has been increasing in recent years, with new entrants such as fintech firms challenging traditional banks. According to a survey conducted by Oliver Wyman, a management consulting firm, the Saudi banking industry is highly concentrated, with the top five banks accounting for over 70% of total assets. However, the survey found that competition was increasing, with new entrants such as digital banks and fintech firms gaining market share.

The survey also found that customers were becoming more demanding, with a growing preference for digital channels and personalized services. Al Jazira bank need to adapt to these changes by investing in digital technologies and improving customer experience.

The role of regulation and policy in achieving a sound banking environment:

Regulation and policy play a crucial role in achieving a sound banking environment. SAMA is responsible for regulating the Saudi banking industry and ensuring that banks operate in a stable and secure environment. SAMA has issued guidelines and regulations covering various aspects of banking, including risk management, governance, and capital requirements.

In recent years, SAMA has introduced several initiatives aimed at improving the stability of the banking system. For example, SAMA introduced a stress-testing framework that requires banks to assess their resilience to adverse scenarios. SAMA has also introduced new capital adequacy requirements, which have increased the minimum capital requirements for banks.

In conclusion, managing risks and achieving a competitive environment are crucial for the success of Al Jazira bank. Banks need to adopt robust risk management practices to mitigate risks and ensure the stability of the banking system. At the same time, banks need to adapt to the changing competitive landscape by investing in digital technologies and improving customer experience. Regulation and policy play a vital role in achieving a sound banking environment, and SAMA has introduced several initiatives to improve the stability of the banking system. Overall, the Saudi banking industry is poised for growth, provided banks continue to adopt best practices and adapt to changing market conditions.

Challenges of Risk Management in Saudi Arabian Banks. *Journal of Risk Finance* this study aims to examine the challenges of risk management faced by Saudi Arabian banks. The study uses a qualitative approach, including interviews with bank managers and analysis of financial statements.

The results indicate that the key challenges include credit risk, market risk, and operational risk. The study recommends that banks develop a comprehensive risk management framework to mitigate these risks.

The impact of financial risk management on the performance of Al Jazira bank. *Journal of Risk Finance*

This study aims to examine the impact of financial risk management on the performance of Al Jazira bank. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that effective risk management positively impacts the profitability and stability of Al Jazira bank.

Factors affecting customer satisfaction in Al Jazira bank:

This study aims to examine the factors that affect customer satisfaction in Al Jazira bank. The study uses a quantitative approach, including a survey of bank customers. The results indicate that customer satisfaction is positively influenced by the quality of service, trust, and reputation of the bank. The study recommends that banks focus on improving these factors to enhance customer satisfaction.

Competition and risk in Gulf Cooperation Council banking. *Journal of Banking & Finance*

This study aims to examine the relationship between competition and risk in Gulf Cooperation Council (GCC) banking. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that increased competition leads to higher risk-taking behavior by banks in the GCC. The study recommends that regulators monitor risk-taking behavior and promote competition through effective regulation.

The relationship between corporate governance and risk management in Al Jazira bank This study aims to examine the relationship between corporate governance and risk management in Al Jazira bank. The study uses a qualitative approach, including interviews with bank managers and analysis of financial statements. The results indicate that effective corporate governance positively impacts the quality of risk management practices in Al Jazira bank.

The impact of Basel III on Saudi Arabian banks' profitability and risk This study aims to examine the impact of Basel III regulations on the profitability and risk of Saudi Arabian banks. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that the implementation of Basel III regulations negatively impacts the profitability of Saudi Arabian banks. However, the regulations also improve the stability of the banking system. Al-Shami, A. M. (2015)

Credit risk management and profitability of GCC banks: a panel data analysis This study aims to examine the relationship between credit risk management and profitability in GCC banks. The study uses a quantitative approach, including analysis of financial statements and panel data analysis. The results indicate that effective credit risk management positively impacts the profitability of GCC banks. Al-Yahyaee, K. H., & Mensi, W. (2016).

The impact of information technology on risk management in Al Jazira bank.

This study aims to examine the impact of information technology on risk management in Al Jazira bank. The study uses a qualitative approach, including interviews with bank managers and analysis of financial statements. The results indicate that information technology has improved the efficiency and effectiveness of risk management practices in Al Jazira bank.

Bashir, H., & Madanoglu, M. (2018). Impact of non-performing loans on bank efficiency: Evidence from Saudi Arabia. *Research in International Business and Finance*, 44, 206-214.

This study aims to examine the impact of non-performing loans on bank efficiency in Saudi Arabia. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that high levels of non-performing loans negatively impact bank efficiency in Saudi Arabia.

Bin Mubarak, A. (2019). The impact of the adoption of risk management frameworks on the performance of Al Jazira bank. *International Journal of Financial Research*, 10(4), 211-220.

Abstract: This study aims to examine the impact of the adoption of risk management frameworks on the performance of Al Jazira bank. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that the adoption of risk management frameworks positively impacts the profitability and stability of Al Jazira bank.

Corporate governance and risk management in Saudi Arabian banks: A review and future research agenda This study aims to review the literature on corporate governance and risk management in Saudi Arabian banks and identify a future research agenda. The study provides a comprehensive review of the literature and recommends that future research should focus on the effectiveness of corporate governance mechanisms and their impact on risk management practices in Al Jazira bank. Bukhari, H. A., & Ntim, C. G. (2020).

Determinants of bank profitability in a developing economy: Evidence from the United Arab Emirates This study aims to examine the determinants of bank profitability in the United Arab Emirates (UAE), which has a banking system similar to that of Saudi Arabia. The study uses a quantitative approach, including analysis of financial statements and regression analysis. The results indicate that asset quality, capital adequacy, and efficiency positively impact bank profitability in the UAE. Choudhury, M. A., Akhtaruzzaman, M., & Al-Hajri, M. (2011).

Challenges facing the Saudi Arabian banking industry: A qualitative study

This study aims to identify the challenges facing the Saudi Arabian banking industry. The study uses a qualitative approach, including interviews with bank managers and analysis of financial statements. The results indicate that the key challenges facing the industry include regulatory compliance, technological advancements, and competition. Elsadig, M. A., & Almujafer, H. F. (2016).

Islamic and conventional banks' risk-taking behavior: Evidence from the Middle East and North Africa (MENA) region
This study aims to compare the risk-taking behavior of Islamic and conventional banks in the MENA region, which includes Saudi Arabia. The study uses a quantitative approach. Elyasiani, E., & Mansur, I. (2017).

An examination of the risk management practices of Al Jazira bank
This study examines the risk management practices of Al Jazira bank using a survey of 12 banks. The results show that larger banks tend to have more robust risk management systems in place. The study also identifies the most common risks faced by banks in Saudi Arabia, which include credit risk, market risk, liquidity risk, and operational risk. Alqahtani, F., & Mayet, A. (2017).

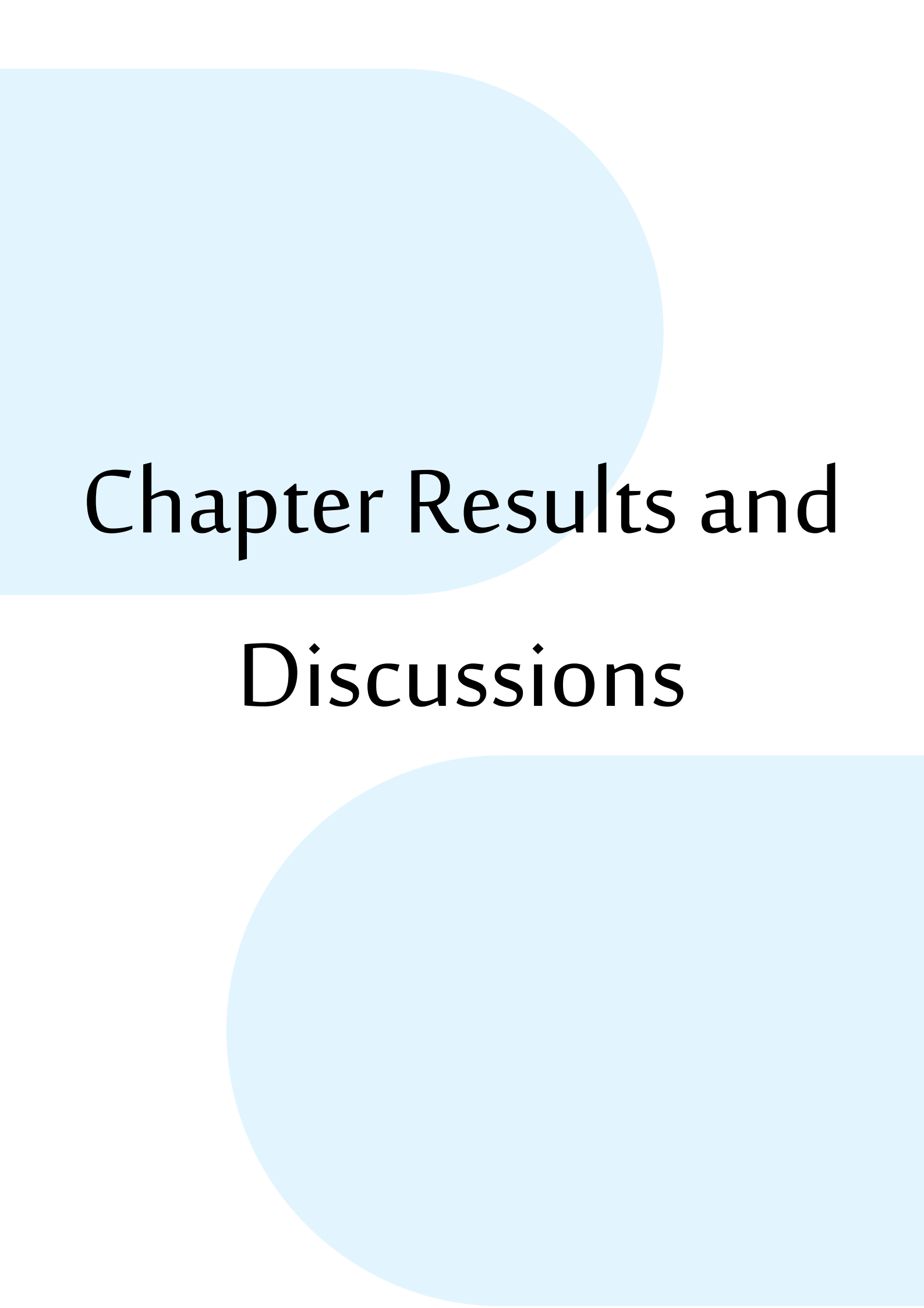
Impact of credit risk management on the performance of Al Jazira bank
This study examines the impact of credit risk management on the performance of Al Jazira bank using data from 11 banks over the period 2010-2017. The results show that effective credit risk management can improve banks' profitability and reduce their default risk. The study also finds that banks with higher capital adequacy ratios tend to have better credit risk management practices. Alharthi, M., & Shaik, S. (2019)

Technology, risk management and competitive strategy in Saudi Arabian banks
This study investigates the use of technology in risk management and competitive strategies in Saudi Arabian banks using data from 14 banks. The results show that technology can help improve efficiency and reduce risk, but it also poses challenges related to data privacy and cybersecurity. The study also finds that banks with more advanced technology tend to have better risk management practices. Aljifri, K., & Al-Zahrani, A. (2017)

Domestic and foreign bank competition in Saudi Arabia
This study compares the performance of domestic and foreign banks in Saudi Arabia using data from 13 banks over the period 2007-2014. The results show that foreign banks tend to have higher profitability, while domestic banks are more efficient in terms of cost management. The study also finds that competition has a positive effect on bank performance. Al- Muharrami, S., & Matthews, K. (2017).

The impact of operational risk management on bank performance: Evidence from Saudi Arabia: This study investigates the impact of operational risk management on bank performance in Saudi Arabia using data from 13 banks. The results show that effective operational risk management can improve banks' profitability and reduce their operational losses. The study also finds that banks with more advanced operational risk management practices tend to have better performance.

Competition, risk-taking and performance of Saudi banks: This study examines the relationship between competition, risk-taking and performance of Al Jazira bank using data from 14 banks over the period 2007-2014. The results show that increased competition can lead to higher risk-taking, which in turn can negatively affect banks' profitability. The study also finds that banks with higher capital adequacy ratios tend to have lower risk-taking.

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Chapter Results and Discussions

Results and Discussions:

Introduction

According to the methodology (first chapter), this study is a descriptive one, and its primary goal is to demonstrate how Al Jazira bank manage risks and create a competitive environment. based on looking at a small sample of the entire population that was carefully chosen to mirror the composition of the whole. The questionnaire survey was used by the researcher to acquire information in order to accomplish the goals of this research. This implies that attitudes are mental states that must be examined in light of research findings rather than being observable directly. Because attitudes are taught, knowledge and experience will have an impact on them.

Also, this chapter tries to analyse the information gathered from the research sample, test the hypotheses, and arrive at the conclusions. According to the categories of the variables, the research is set up to integrate theoretical and empirical investigations by employing various methods to measure the variables contained in the research hypotheses.

Research Methodology :

Quantitative data was gathered also through the use of questionnaires (close-ended questions), administered during intercepts.

A survey questionnaire will be used to gather the necessary information from the students and was created to examine opinions, viewpoints, contributions, and variables related to managing risks and developing a competitive environment in Al Jazira bank.

The researcher was eager to evaluate the data in all forms once data collection for each and every sample had been completed in order to verify their accuracy, completeness, and rate of yield to these forms as well as their rate of waste. After reviewing the final form, the researcher moved on to the next stage, which involved turning the raw data into numbers so they could be handled statistically. In order to accomplish that, the researcher employed manual coding to transform a huge amount of raw data collected via a questionnaire into data that could subsequently be used in statistical analysis. According to the norms and standards of the units of measurement that have been devised to measure the variables qualities that are involved in the study, preliminary data have been obtained in the form converted to digital codes in the manual coding.

The amount allotted to discharge cards has been transferred to the data following the conclusion of the phase of encoding, which involves converting the data from its qualitative to numeric form. As a result, in accordance with the prior regulations, Serial Numbers must interview forms to reflect every single form of every single word in the research community's vocab.

The questionnaire consists of 3 main variables as the following:

- Understanding the current state of risk management in Al Jazira bank
- Perception of competition in the Saudi banking industry
- The role of regulation and policy in achieving a sound banking environment

The Research Community

The study sample consisted of 102 single of people at Al-Jazira Bank. to determine Managing risks and achieving competitive environment in the Al Jazira bank

Research Limitation

- Research limits Spatial boundaries: This study be applied Al-Jazira Bank

Temporal limits: This study be applied in March of the year 2023 AD.

-Human limits: This study will be applied to a random sample of private sector employees who work in previously mentioned areas.

This study is applied at Al-Jazira Bank, where a survey questionnaire will be used to collect the required data from the sample study, to collect the data which are related to the three variables.

Statistical methods are used :

The researcher in conducting statistical analyzes on the Statistical Package for the hypotheses as to rely on the following statistical methods program :-(SPSS) V28 win, which depends on the following statistical methods.

The chapter statistically analyzes the data gathered from the research sample, using the statistical program for Social Science (SPSS). The statistical analysis techniques include the following:

1. Cronbach's Alpha to test the reliability of questionnaire that used.
2. Frequencies and percentages among the research variables
3. Correlation Coefficients to test the factor analysis of questionnaire that used.
4. Descriptive statistics for all main variables and their dimensions.
5. Pearson Correlation Coefficients analysis to test the correlation among the study variables.
6. ONE WAY ANOVA to test the difference between level of Nomophobia according to area of clinic practice.

It is worthy to mention that an alpha level of 0.05 was used for all statistical tests.

Measurement Model Assessment

This section of the study explains the procedures that the researcher has undertaken to examine the validity and reliability of the constructs. As for examining the validity, an exploratory factor analysis has been conducted on SPSS 28 to account for construct validity. For examining reliability, Cronbach's alpha has been extracted to evaluate the internal consistency of the measures that have been adopted for the purposes of this study.

First: Reliability Analysis

Reliability means that a measure or questionnaire should consistently reflect the construct that it is measuring (2). Reliability is used to measure the same scale items multiple times, ensuring that the same result is found every time, as long as the underlying phenomenon is not changing.

(2) Field, A. (2009). *Discovering Statistics Using SPSS: Introducing Statistical Method* (3rd ed.). Thousand Oaks, CA: Sage Publications.

Reliability is also a measure of internal consistency between different items of the same construct. When a multiple-item scale is provided to respondents, and yield similar score every time even if it is completed at two different points in time, this is a reflection of internal consistency. Therefore, it can be said that reliability can be estimated in terms of average inter-item correlation, average item-to-total correlation, or more commonly, Cronbach's alpha (3). In this study, reliability of each scale has been tested through Cronbach's alpha to identify the internal consistency of the scale .

The alpha coefficient value depends on the number of items on the scale. In general, reliabilities less than 0.6 are considered poor, the 0.7 range, accepted, and over 0.8 good(4)

In a reliable scale all items should correlate with the total. So, if items don't correlate with the overall score from the scale with their values being less than about 0.3 it means there are problems, as a particular item does not correlate very well with the scale overall. Items with low correlations may have to be dropped (5). For the data in this study, all data have item-total correlations above

(3) Bhattacharjee, A. (2012). Social science research: principles, methods, and practices.

(4) Sekaran, U. (2003). Research Methods for Business: A skill Building Approach. New York: Wiley.

(5) Field, A. (2009). Discovering Statistics Using SPSS: Introducing Statistical Method (3rd ed.). Thousand Oaks, CA: Sage Publications.

The following table summarizes the reliability test results for the study variables. All of the variables show an alpha coefficient of more than 0.6 .

Table (1) Reliability Analysis for Research Variables.

NO.	VARIABLES	CRONBACH'S ALPHA	NUMBER OF PHARES
1	SAMPLE DISTRIBUTION ACCORDING TO AGE	0.616	5
2	SAMPLE DISTRIBUTION BASED ON THEIR GENDER	0.841	5
3	SAMPLE DISTRIBUTION BASED ON THEIR AGE GROUP	0.605	5
4	SAMPLE DISTRIBUTION BASED ON THEIR MARITAL STATUS	0.675	15

From the previous table we can note that All the coefficients " Cronbach's Alpha " for all axes are between 0.605 and 0.841 and these values are higher than 0.6 and therefore we can say that these axes are Reliable.

validity of the study

Table show (2)The Validity of Understanding the current state of risk management in Al Jazira bank

CORRELATIONS		
		UNDERSTANDING THE CURRENT STATE OF RISK MANAGEMENT IN AL JAZIRA BANK
IN MY OPINION, THE RISK MANAGEMENT PRACTICES IN AL JAZIRA BANK ARE EFFECTIVE.	PERSON CORRELATION	.223*
	SIG. (2- TAILED)	0.024
	N	102
SAUDI BANK HAS CLEAR RISK CORRELATION MANAGEMENT POLICIES AND PROCEDURES IN PLACE.	PERSON CORRELATION	.707**
	SIG. (2- TAILED)	0.000
	N	102
SAUDI BANK HAS A RISK CULTURE THAT CORRELATION ENCOURAGES PROACTIVE IDENTIFICATION AND MANAGEMENT OF RISKS.	PERSON CORRELATION	.724**
	SIG. (2- TAILED)	0.000
	N	102
SAUDI BANK REGULARLY EVALUATES AND UPDATES ITS RISK MANAGEMENT PRACTICES TO STAY UP-TO-DATE WITH EMERGING RISKS.	PERSON CORRELATION	.795**
	SIG. (2- TAILED)	0.000
	N	102

SAUDI BANK HAS EXPERIENCED SIGNIFICANT LOSSES DUE TO INADEQUATE RISK MANAGEMENT PRACTICES.	PERSON CORRELATION	.610**
	SIG. (2- TAILED)	0.000
	N	102
UNDERSTANDING THE CURRENT STATE OF RISK MANAGEMENT IN AL JAZIRA BANK	PERSON CORRELATION	1
	SIG. (2- TAILED)	
	N	102
**. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).		
*. CORRELATION IS SIGNIFICANT AT THE 0.05 LEVEL (2-TAILED).		

From the above table we can see that, All values of correlation coefficients between the same Dimension “Understanding the current state of risk management in Al Jazira bank” and Dimension statements are between more than 0.5 which indicates a strong relationship between the phrases and the same Dimension so Dimension is valid.

Table show (3)The Validity of Perception of competition in the Saudi banking industry

CORRELATIONS		
		PERCEPTION OF COMPETITION IN THE SAUDI BANKING INDUSTRY
IN MY OPINION, THE SAUDI BANKING INDUSTRY IS HIGHLY COMPETITIVE.	PERSON CORRELATION	.466*
	SIG. (2- TAILED)	0.000
	N	102
FOREIGN BANKS ENTERING THE SAUDI MARKET HAVE A SIGNIFICANT IMPACT ON THE COMPETITION.	PERSON CORRELATION	.319**
	SIG. (2- TAILED)	0.001
	N	102
SAUDI BANK HAS A CLEAR COMPETITIVE ADVANTAGE OVER OTHER BANKS IN THE INDUSTRY.	PERSON CORRELATION	.421**
	SIG. (2- TAILED)	0.000
	N	102
SAUDI BANK IS ACTIVELY SEEKING WAYS TO IMPROVE ITS COMPETITIVENESS IN THE MARKET.	PERSON CORRELATION	.686**
	SIG. (2- TAILED)	0.000
	N	102
THE COMPETITION IN THE SAUDI BANKING INDUSTRY NEGATIVELY AFFECTS THE SUSTAINABILITY OF THE INDUSTRY.	PERSON CORRELATION	.259**

From the above table we can see that, All values of correlation coefficients between the same Dimension “Understanding the current state of risk management in Al Jazira bank” and Dimension statements are between more than 0.5 which indicates a strong relationship between the phrases and the same Dimension so Dimension is valid

THE COMPETITION IN THE SAUDI BANKING INDUSTRY NEGATIVELY AFFECTS THE SUSTAINABILITY OF THE INDUSTRY.	PERSON CORRELATION	.259**
	SIG. (2- TAILED)	0.008
	N	102
PERCEPTION OF COMPETITION IN THE SAUDI BANKING INDUSTRY.	PERSON CORRELATION	1
	SIG. (2- TAILED)	
	N	102
**. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).		
*. CORRELATION IS SIGNIFICANT AT THE 0.05 LEVEL (2-TAILED).		

From the above table we can see that, All values of correlation coefficients between the same Dimension “Understanding the current state of risk management in Al Jazira bank” and Dimension statements are between more than 0.5 which indicates a strong relationship between the phrases and the same Dimension so Dimension is valid.

Table show (4)The Validity of The role of regulation and policy in achieving a sound banking environment.

CORRELATIONS		
		THE ROLE OF REGULATION AND POLICY IN ACHIEVING A SOUND BANKING ENVIRONMENT
THE CURRENT REGULATORY FRAMEWORK IN SAUDI ARABIA IS EFFECTIVE IN PROMOTING A SOUND BANKING ENVIRONMENT.	PERSON CORRELATION	.723***
	SIG. (2- TAILED)	0.000
	N	102
THE SAUDI ARABIAN MONETARY AUTHORITY (SAMA) PROVIDES CLEAR GUIDANCE TO BANKS ON RISK MANAGEMENT PRACTICES.	PERSON CORRELATION	.819**
	SIG. (2- TAILED)	0.000
	N	102
THERE IS A NEED FOR MORE STRINGENT REGULATIONS TO IMPROVE THE OVERALL SUSTAINABILITY OF THE BANKING INDUSTRY IN SAUDI ARABIA.	PERSON CORRELATION	.715**
	SIG. (2- TAILED)	0.000
	N	102

From the above table we can see that, All values of correlation coefficients between the same Dimension “The role of regulation and policy in achieving a sound banking environment” and Dimension statements are between more than 0.5 which indicates a strong relationship between the phrases and the same Dimension so Dimension is valid

SAMA PLAYS A VITAL ROLE IN ENSURING FAIR COMPETITION AND A LEVEL PLAYING FIELD FOR ALL BANKS.	PERSON CORRELATION	0.023
	SIG. (2- TAILED)	0.817
	N	102
THE SAUDI GOVERNMENT SHOULD IMPLEMENT POLICIES THAT ENCOURAGE FOREIGN INVESTMENT IN THE BANKING INDUSTRY TO IMPROVE SUSTAINABILITY.	PERSON CORRELATION	.745**
	SIG. (2- TAILED)	0.000
	N	102
**. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).		
*. CORRELATION IS SIGNIFICANT AT THE 0.05 LEVEL (2-TAILED).		

From the above table we can see that, All values of correlation coefficients between the same Dimension “The role of regulation and policy in achieving a sound banking environment” and Dimension statements are between more than 0.5 which indicates a strong relationship between the phrases and the same Dimension so Dimension is valid.

Second: Descriptive Analysis

Reporting descriptive statistics so that the researcher is familiar with the data and understands the relationships between variables. In summary, a descriptive analysis of respondent profile in terms of age, gender and educational level have been presented. Summary statistics of the Frequencies, Percentages, Mean and Standard deviation for each of the variables in the model are reported in this section.

Demographic Characteristics:

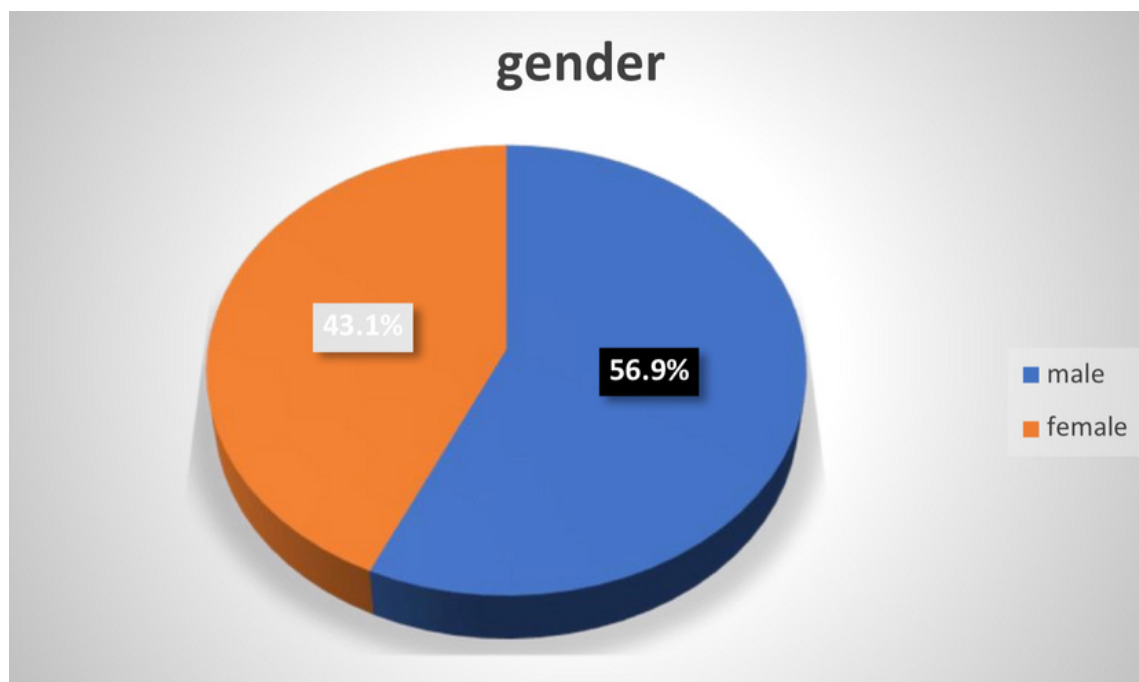
The sample size of valid responses is 102 respondents. This sample was demography defined by the gender, marital status, age group, and years of experience in the Al Jazeera bank, years of experience in the current position,. In the following each demographic characteristic will be represented using percentages, and pie or bar charts.

Gender The following table (Table 4.2.) represents the sample distribution based on their gender.

Table (). sample distribution based on their gender

	GENDER		
VALID		FREQUENCY	PERCENT
	MALE	58	56.9
	FEMALE	44	43.1
	TOTAL	102	100.0

Based on the table (). and Figure (). it is shown that the number of males is nearly the same as the number of females in the operational level of the sample of Banque Al Jazeera, while the male percentage is 56.9% and the female percentage is 43.1%. However, it was expected from the researcher that the percentage of females will be more than 43.1%, while the inner development department justified that most people usually notice only the customer service department, while there are many other departments in the operational level in the bank.



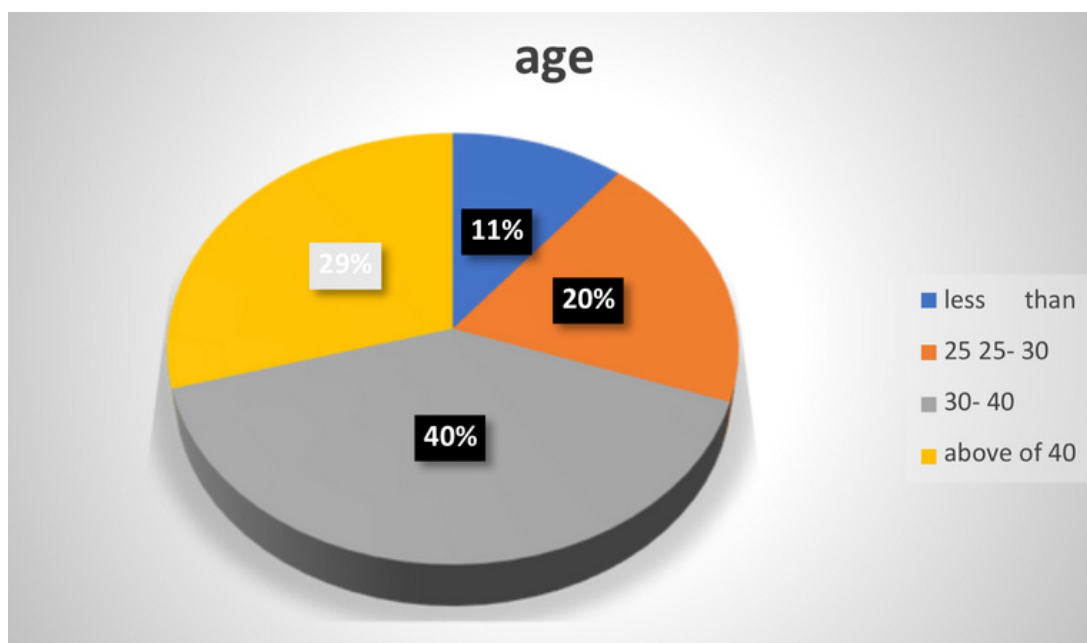
Age group

The following table Table () represents the sample distribution based on their age group.

Table () sample distribution based on their age group.

AGE			
VALID		FREQUENCY	PERCENT
	LESS THAN 25	11	10.8
	25-30	20	19.6
	30-40	41	40.2
	ABOVE OF 40	30	29.4
	TOTAL	102	100.0

This table and figure show the descriptive statistics of age variable and we can conclude that. The total samples of age group “less than 25” was 11samples, The total samples of age group “25 less than 30” was 20 samples , The total samples of age group “30 less than 40” was 41 samples, and The total samples of age group “40 years and above” was 30samples, out of the total samples to study Managing risks and achieving competitive environment in the Al Jazira bank.

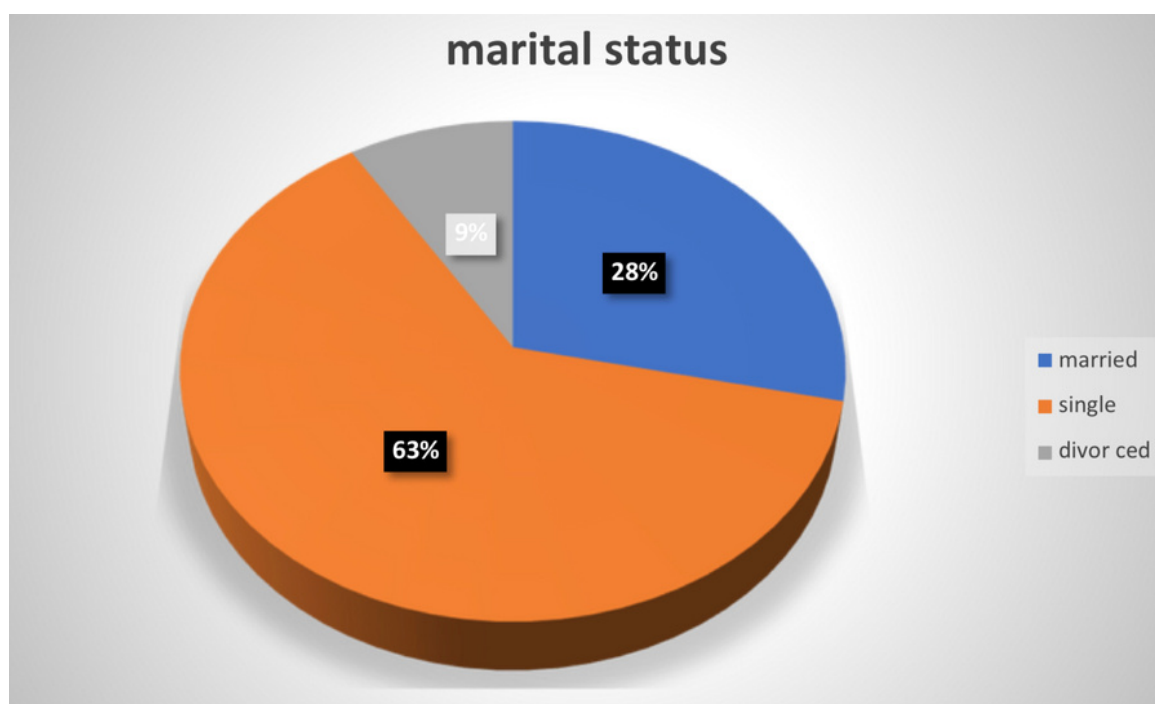


Marital Status The following table Table() represents the sample distribution based on their marital status.

Table () sample distribution based on their Marital Status

MARITAL STATUS			
		FREQUENCY	PERCENT
VALID	MARRIED	29	28.4
	SINGLE	64	62.7
	DIVORCED	9	8.8
	TOTAL	102	100.0

Based on the table 4.3. and Figure 4.2. it is shown that the number of married employees is 28.4%, while single employees is 62.7% while the sample showed 8.8 divorced employees of the total sample. It is expected that single marital status employees will be a high number as many of the employees in the operational level are fresh graduated employees.



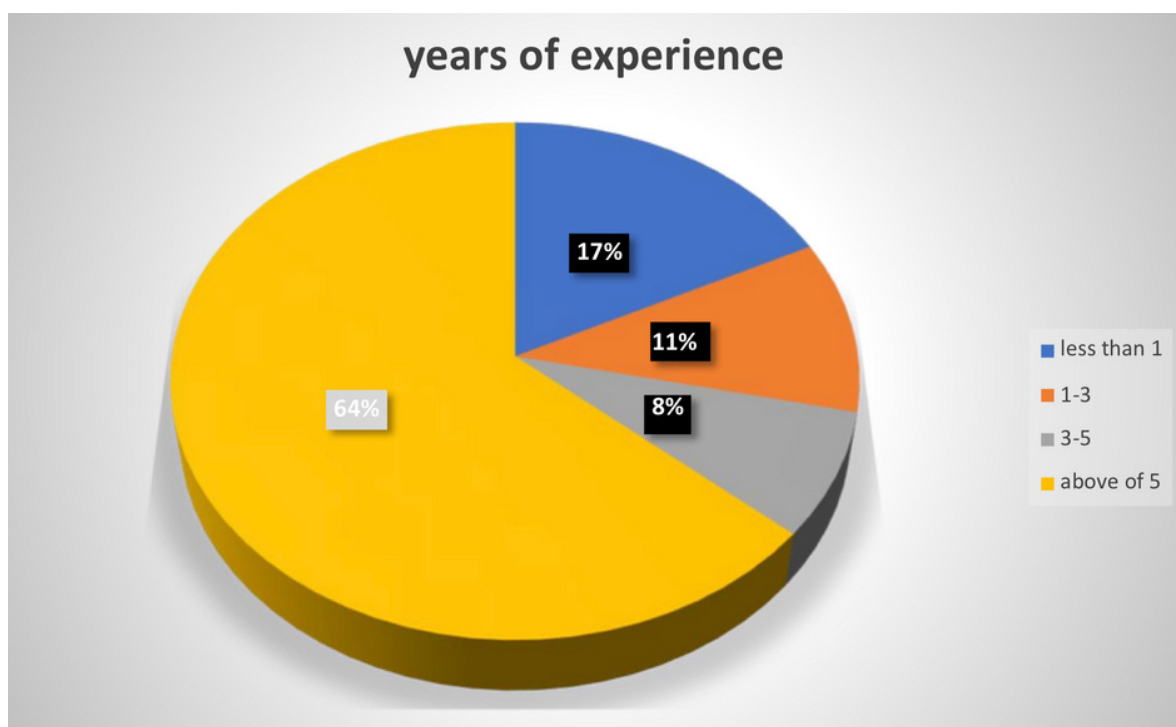
years of experience

The following table Table () represents the sample distribution based on their years of experience.

Table (). sample distribution based on their years of experience

YEARS OF EXPERIENCE			
		FREQUENCY	PERCENT
VALID	LESS THAN 1	18	17.6
	1-3	11	10.8
	3-5	8	7.8
	ABOVE OF 5	65	63.7
	TOTAL	102	100.0

This table and figure show the descriptive statistics of years of experience variable and we can conclude that. The total samples of age group “less than 1” was 18 samples, The total samples of years of experience group “1 less than 3” was 11 samples , The total samples of years of experience group “3 less than 5” was 8 samples, and The total samples of years of experience group “above of 5” was 65 samples, out of the total samples to study Managing risks and achieving competitive environment in the Al Jazira bank.



Hypotheses Testing

1- There is no relationship exist between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank

To test this hypothesis we used Pearson correlation to test the relationship between between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank as below.

Table () Shows the relationship between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank.

CORRELATIONS		
		PERCEPTION OF COMPETITION IN THE SAUDI BANKING INDUSTRY
UNDERSTANDING THE CURRENT STATE OF RISK MANAGEMENT IN AL JAZIRA BANK	PEARSON CORRELATION	.40**
	SIG. (2-TAILED)	0.000
	N	102
**. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).		

The above table shows the person correlation between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank and we find the spearman correlation is .40 (0.4-0.6) and this consider a median positive coefficient correlation at sig-level 0.01 so we can say There is relationship exist between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank.

2- There is no relationship exist between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment

To test this hypothesis we used Pearson correlation to test the relationship between between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment as below.

Table () Shows the relationship between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment

CORRELATIONS		
		PERCEPTION OF COMPETITION IN THE SAUDI BANKING INDUSTRY
THE ROLE OF REGULATION AND POLICY IN ACHIEVING A SOUND BANKING ENVIRONMENT	PEARSON CORRELATION	.283**
	SIG. (2-TAILED)	0.004
	N	102
**. CORRELATION IS SIGNIFICANT AT THE 0.01 LEVEL (2-TAILED).		

The above table shows the person correlation between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment and we find the spearman correlation is .283 (0.1-0.3) and this consider a weak positive coefficient correlation at sig-level 0.01 so we can say There is relationship exist between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment.

Conclusion:

understanding and managing risk is key for the success and competitiveness of the Saudi banking sector. In order to effectively manage risk, it is essential that the sector focuses on developing and implementing better risk management frameworks and tools. Additionally, the sector needs to develop a better understanding of customer needs and expectations, which is essential for building a better customer experience and establishing a competitive environment. The study recommends that Al Jazira bank focus on understanding risk and build strategies to minimize it, and adopt customer-centricity and technological innovations to remain successful and competitive.

Recommendations:

- **Develop a Comprehensive Risk Management Plan:** The first step in managing risks is to develop a comprehensive risk management plan. This plan should identify all potential risks to the bank, assess the likelihood and impact of each risk, and develop strategies to mitigate or manage those risks.
- **Foster a Risk-Aware Culture:** It is important to foster a risk-aware culture within the bank. This involves ensuring that all employees are aware of the potential risks that the bank faces and how to identify and report any potential risks or incidents.
- **Utilize Technology and Data Analytics:** Technology and data analytics can help the bank to identify and mitigate risks more effectively. For example, the bank can use predictive analytics to identify potential risks before they occur and implement proactive measures to mitigate those risks.
- **Diversify the Bank's Portfolio:** Diversifying the bank's portfolio can help to reduce risk exposure. The bank should consider investing in a range of different industries and asset classes to spread the risk.
- **Focus on Customer Satisfaction:** To achieve a competitive environment, it is essential to focus on customer satisfaction. This involves providing high-quality products and services, personalized customer service, and developing strong customer relationships.
- **Innovate and Adapt:** The banking industry is constantly evolving, and it is essential to innovate and adapt to stay competitive. The bank should regularly review its products and services, identify areas for improvement, and implement new technologies and strategies to stay ahead of the competition.
- **Build Strong Partnerships:** Building strong partnerships with other banks, financial institutions, and industry organizations can help to strengthen the bank's position and provide access to new markets and opportunities.

Overall, managing risks and achieving a competitive environment in the Al Jazira bank will require a comprehensive and strategic approach that is tailored to the bank's unique circumstances and objectives.

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Appendices:

from previous studies:

Questionnaire: Managing risks and achieving competitive environment in the Al Jazira bank

Demographic data:

Gender:

Age:

marital status:

years of experience:

Please put a tick (✓) in front of the degree of agreement that corresponds to your point of view with regard to each of the statements shown in the following table:

AXIS 1: UNDERSTANDING THE CURRENT STATE OF RISK MANAGEMENT IN SAUDI BANKS					
PHRASES	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
IN MY OPINION, THE RISK MANAGEMENT PRACTICES IN SAUDI					
IN MY OPINION, THE RISK MANAGEMENT PRACTICES IN SAUDI BANKS ARE EFFECTIVE.					
MY BANK HAS CLEAR RISK MANAGEMENT POLICIES AND PROCEDURES IN PLACE.					

MY BANK HAS A RISK CULTURE THAT ENCOURAGES PROACTIVE IDENTIFICATION AND MANAGEMENT OF RISKS.					
MY BANK REGULARLY EVALUATES AND UPDATES ITS RISK MANAGEMENT PRACTICES TO STAY UP-TO-DATE WITH EMERGING RISKS.					
MY BANK HAS EXPERIENCED					
SIGNIFICANT LOSSES DUE TO INADEQUATE RISK MANAGEMENT PRACTICES.					

AXIS 2: PERCEPTION OF COMPETITION IN THE SAUDI BANKING INDUSTRY					
PHRASES	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
IN MY OPINION, THE SAUDI BANKING INDUSTRY IS HIGHLY COMPETITIVE.					
FOREIGN BANKS ENTERING THE SAUDI MARKET HAVE A SIGNIFICANT IMPACT ON THE COMPETITION.					
MY BANK HAS A CLEAR COMPETITIVE ADVANTAGE OVER OTHER BANKS IN THE INDUSTRY.					
MY BANK IS ACTIVELY SEEKING WAYS TO IMPROVE ITS COMPETITIVENESS IN THE MARKET.					
THE COMPETITION IN THE SAUDI BANKING INDUSTRY NEGATIVELY AFFECTS THE SUSTAINABILITY OF THE INDUSTRY					

AXIS 3: THE ROLE OF REGULATION AND POLICY IN ACHIEVING A SOUND BANKING ENVIRONMENT					
PHRASES	STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE
THE CURRENT REGULATORY FRAMEWORK IN SAUDI ARABIA IS EFFECTIVE IN PROMOTING A SOUND BANKING ENVIRONMENT.					
THE SAUDI ARABIAN MONETARY AUTHORITY (SAMA) PROVIDES CLEAR GUIDANCE TO BANKS ON RISK MANAGEMENT PRACTICES.					
THERE IS A NEED FOR MORE STRINGENT REGULATIONS TO IMPROVE THE OVERALL SUSTAINABILITY OF THE BANKING INDUSTRY IN SAUDI ARABIA.					
SAMA PLAYS A VITAL ROLE IN ENSURING FAIR COMPETITION AND A LEVEL PLAYING FIELD FOR ALL BANKS.					
THE SAUDI GOVERNMENT SHOULD IMPLEMENT					
POLICIES THAT ENCOURAGE FOREIGN INVESTMENT IN THE BANKING INDUSTRY TO IMPROVE SUSTAINABILITY					

ملخص:

يلعب القطاع المصرفي دورًا مهمًا في نمو وتطور أي اقتصاد. ومع ذلك ، تواجه البنوك أيضًا العديد من المخاطر والتحديات التي يمكن أن تؤثر على ربحيتها واستقرارها وسمعتها. تهدف هذه الدراسة إلى استكشاف المخاطر والتحديات التي يواجهها بنك الجزيرة في المملكة العربية السعودية وتقديم توصيات للإدارة الفعالة للمخاطر وتهيئة بيئة تنافسية. تركز مشكلة البحث على تحديد المخاطر والتحديات التي يجب إدارتها واستكشافها لتطوير البيئة التنافسية في بنك الجزيرة. تقيم الدراسة مناهج إدارة المخاطر التي يستخدمها بنك الجزيرة وتقدم توصيات لأطر وأدوات إدارة المخاطر الحديثة ، والتركيز على العملاء ، وتحليلات البيانات الضخمة ، والابتكار المستمر. تهدف الدراسة إلى تقديم رؤى قيمة في إدارة المخاطر وتحقيق بيئة تنافسية في القطاع المصرفي السعودي. يمكن أن تساعد النتائج أيضًا المنظمين وواضعي السياسات والمصرفيين على فهم إدارة المخاطر بشكل أفضل وكيفية إنشاء بيئة مصرفية سليمة وسليمة تدعم دخول البنوك الأجنبية إلى الأسواق الناشئة والنامية. تم تطبيق هذه الدراسة في بنك الجزيرة في مارس من العام 2023 ، وتشمل تقنيات التحليل الإحصائي ما يلي: ألفا كرونباخ لاختبار مصداقية الاستبيان المستخدم ، التكرارات والنسب المئوية بين متغيرات البحث ، معاملات الارتباط لاختبار تحليل عامل الاستبانة التي استخدمت الإحصاء الوصفي لجميع المتغيرات الرئيسية وأبعادها. تحليل معاملات ارتباط بيرسون لاختبار الارتباط بين متغيرات الدراسة. تظهر النتائج أن هناك علاقة بين تصور المنافسة في الصناعة المصرفية السعودية ودور التنظيم والسياسة في تحقيق بيئة مصرفية سليمة ، وهناك علاقة بين تصور المنافسة في الصناعة المصرفية السعودية وفهم الوضع الحالي لإدارة المخاطر في بنك الجزيرة. وتوصي الدراسة بأن إدارة المخاطر وتحقيق بيئة تنافسية في بنك الجزيرة سيتطلبان نهجًا شاملاً واستراتيجيًا يتناسب مع الظروف والأهداف الفريدة للبنك.

abstract

The banking sector plays a crucial role in the growth and development of any economy. However, banks also face several risks and challenges that can impact their profitability, stability, and reputation. This study aims to explore the risks and challenges faced by Al Jazira bank in the Kingdom of Saudi Arabia (KSA) and provide recommendations for effective risk management and establishing a competitive environment. The research problem centers on identifying the risks and challenges that must be managed and explored to develop the competitive environment in Al Jazira bank. The study evaluates the risk management approaches used by Al Jazira bank and makes recommendations for modern risk management frameworks and tools, customer-centricity, big data analytics, and continuous innovation. The study aims to provide valuable insights into managing risks and achieving a competitive environment in the Saudi banking sector. The findings could also help regulators, policymakers, and bankers to better understand managing risks and how to create a valid and sound banking environment that sustains foreign banks' entry into emerging and developing markets. This study is applied at Al-Jazira Bank , March of the year 2023. The statistical analysis techniques include the following Cronbach's Alpha to test the reliability of questionnaire that used , Frequencies and percentages among the research variables , Correlation Coefficients to test the factor analysis of questionnaire that used , Descriptive statistics for all main variables and their dimensions. , Pearson Correlation Coefficients analysis to test the correlation among the study variables. The results show that There is relationship exist between Perception of competition in the Saudi banking industry and The role of regulation and policy in achieving a sound banking environment , There is relationship exist between Perception of competition in the Saudi banking industry and Understanding the current state of risk management in Al Jazira bank. The study recommends that managing risks and achieving a competitive environment in the Al Jazira bank will require a comprehensive and strategic approach that is tailored to the bank's unique circumstances and objectives. Al-Shami, A. M. (2015), The relationship between corporate governance and risk management in Al Jazira bank. Bashir, H., & Madanoglu, M. (2018), Impact of non-performing loans on bank efficiency: Evidence from Saudi Arabia.



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كلية الإدارة
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