

The Role of Artificial Intelligence in Developing International Marketing Strategies for Islamic Banking Services: A Case Study of Kuwait Finance House

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ABSTRACT

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The study aims to explore the international marketing of Islamic banking services, define the concept of artificial intelligence and its importance in Islamic banks, and examine the applications of artificial intelligence in the marketing strategies of internationally active Islamic banking services. The research adopts a descriptive-analytical methodology, applied to data from Kuwait Finance House. The findings indicate that the international marketing of banking services follows the same customer-centric orientation, considering the client as the cornerstone of Islamic banking service strategies. Artificial intelligence is identified as an advanced form of computing with generative reasoning capabilities similar to human thought, based on big data analysis and direct integration with external systems. This contributes to analyzing and updating customer data, while also linking multiple bank branches, thereby supporting decision-making, developing marketing strategies, and enhancing the delivery and innovation of banking services.

Keywords: International Marketing, Islamic Banking Services, Artificial Intelligence

Introduction

The world is witnessing rapid leaps in digital transformation, with artificial intelligence (AI) emerging as one of the fundamental pillars for developing activities across various economic sectors, particularly the financial and banking sector. This is especially evident under globalization, financial liberalization, and intensifying competition. Islamic banks are among the institutions striving to keep pace with these developments and confront challenges in their pursuit of growth and expansion at the international level, while providing banking services that comply with the principles of Islamic Sharia and respond to the diverse and constantly changing demands of global markets.

International marketing of Islamic banking services faces several challenges related to cultural and regulatory differences, as well as the diversity of customer needs across international environments. From this perspective, the need has emerged to adopt AI tools as effective means for data analysis, anticipating consumer behavior, and designing impactful marketing campaigns capable of achieving objectives and adapting to different international markets.

This research aims to analyze the role and importance of AI in the international marketing strategies adopted by Islamic banks. It reviews the most prominent adopted digital applications, assesses their

compatibility with the requirements of Islamic banking operations, highlights the technical and regulatory challenges facing the adoption of AI, and explores the future opportunities AI offers to enhance the competitiveness of Islamic banks in international markets.

Research Problem

Despite the rapid development of AI technologies and their increasing adoption in international marketing, Islamic banks still face multiple challenges in employing these technologies due to the particularities of their financial and Sharia-based systems. This raises the main research question:

How can AI technologies be employed to support international marketing strategies for Islamic banking services, and what challenges and opportunities are associated with this approach in light of global digital transformation?

Research Objectives

- To define the conceptual framework of AI, international marketing, and Islamic banking services.
- To explore AI applications in banking marketing.
- To analyze the role of AI technologies in supporting international marketing strategies of Islamic banking services.
- To assess the compatibility of AI technologies with the requirements of Islamic banking operations.
- To identify the main challenges Islamic banks face in employing AI for international marketing purposes.
- To propose recommendations for the effective use of AI in developing international marketing strategies in Islamic banks.

Research Hypotheses

- AI contributes to supporting international marketing strategies of Islamic banking services through data analysis tools, purposeful customization, and decision-making support.
- Several technical, Sharia, and regulatory challenges hinder the optimal use of AI in Islamic banks.
- Compatibility between AI and the requirements of international Islamic marketing can be achieved through the adoption of Sharia-compliant technological models.

Research Scope

- **Subject Scope:** This study focuses on the role of AI in supporting and developing international marketing strategies for Islamic banking services by analyzing relevant concepts, exploring digital technologies and applications in use or potential, and identifying the challenges and opportunities facing Islamic banks.
- **Spatial Scope:** The study focuses on Kuwait Finance House (KFH), a bank with international operations and ambitions for global expansion, serving as a pioneering model in the Arab and Islamic world.

- **Temporal Scope:** The study covers the period from 2020 to 2024, as this stage represents a qualitative leap in the development of AI technologies, coupled with the increasing orientation of banks toward digital transformation and international expansion.

Research Methodology

The study adopts a descriptive-analytical approach due to the interconnection of technical, economic, and Sharia dimensions. It describes the concepts of AI, international marketing, and Islamic banking services, while analyzing their interaction within the framework of global digital transformation.

Conceptual Framework

The Concept of Artificial Intelligence and Its Applications in the Banking Sector

Definition of Artificial Intelligence (AI): The term refers to the ability to control robots or digital devices through a computer that imitates and simulates the motor and mental processes carried out by advanced beings such as humans. Since the development of computers in the 1940s, the concept of AI has also evolved and has been introduced into various aspects of life to the extent of performing human-like operations that require complex skills and capabilities such as analysis and inference. Examples include playing chess with precision and proving mathematical theorems.

Thus, AI can be defined as a set of behaviors and characteristics specific to computer programs that enable them to simulate human cognitive abilities and working patterns. Among its most important characteristics are learning, inference, and reacting to situations and conditions not pre-programmed into the machine.

AI also represents the ability of a given system to analyze external data, derive new knowledge-based rules, and adapt these rules for use in achieving new objectives and tasksⁱ.

Definition of Artificial Intelligence Artificial intelligence (AI) is defined as the ability of machines to simulate the human mind and its functioning in order to perform tasks that require thinking, understanding, listening, and speaking in a logical and organized manner. These tasks may include reasoning and exploration. AI is characterized by its speed in performing tasks with high accuracy and its large storage capacity. However, no program has yet been able to match the flexibility of the human mind, particularly in analytical and inferential tasks. On the other hand, some applications have achieved performance levels comparable to experts and professionals in carrying out specific tasks. Examples include medical diagnosis, computer search engines, as well as voice and handwriting recognitionⁱⁱ.

Types of Artificial Intelligence and Their Relevance to Marketing Activities

1. Types of Artificial Intelligence:

- **Mechanical Artificial Intelligence:** Used for routine and repetitive automation tasks such as machine translation and clustering algorithms.
- **Cognitive Artificial Intelligence:** Designed to process data and generate new decisions and conclusions. This type of AI excels at recognizing patterns and structures within data, such as text mining, speech recognition, and facial recognition (e.g., identifying individuals sought by security services). Applications include decision-support systems such as *IBM Watson* and expert systems.
- **Emotional or Affective Artificial Intelligence:** Relies on contextual data (speech, gestures, and language) to detect a person's emotional state through facial changes. It is also employed to assess audience responses to advertisements.

2. **Applications of Artificial Intelligence in Marketing:** AI capabilities can be leveraged across various stages of the marketing strategy.

Marketing Research Stage:

- *Mechanical AI* is used for data collection.
- *Cognitive AI* is used for market analysis.
- *Emotional AI* is used to understand customer sentiments.

Marketing Strategy Stage:

AI is used to make strategic decisions related to segmentation, targeting, and market positioning (product, competition, etc.).

- *Mechanical AI* is ideal for detecting changes in customer preference patterns and identifying emerging preferences.
- *Cognitive AI* can recommend the best target segments, analyze markets, identify competitors and product competitive advantages, predict market trends, and extract marketing insights.
- *Emotional AI* is particularly useful for understanding customers and interacting with targeted audiences regarding products. It can enhance customer service through direct interaction, for example, by employing welcoming robots or interactive AI-powered customer service toolsⁱⁱⁱ.

Benefits of Artificial Intelligence

AI has been applied across various fields—medical, educational, economic, and administrative—owing to its multiple advantages. The most important benefits include:

1. **Enhancing Efficiency and Increasing Productivity:** AI improves efficiency and productivity since robots and intelligent systems can perform tasks faster and more accurately than humans in many sectors. This leads to higher productivity and reduced costs, as robots operate without fatigue, perform tasks consistently, reduce errors, and accelerate output.
2. **Improving Decision-Making Quality:** In today's rapidly evolving world, characterized by increasing challenges and problems faced by individuals and organizations, improving decision-making quality is crucial. AI offers enormous opportunities in this regard by:
 - Providing tools and techniques capable of supporting and improving decision-making processes.
 - Analyzing big data in a short time, thereby offering valuable insights and information for decision-making.
 - Employing machine learning techniques to recognize patterns and trends in data, which helps forecast future events and supports strategic decisions. For instance, in medicine, AI integrated with advanced imaging devices has been able to predict cancer risk and identify threatened areas up to four years before onset. Studies in several countries have confirmed the diagnostic accuracy and temporal prediction of AI-assisted medical imaging, highlighting the synergy between AI and field experts^{iv}.
 - Offering recommendations and suggestions based on analyses, which facilitates informed decision-making.

- Processing information rapidly and providing timely solutions to adapt to changes. AI systems can also interact with other systems and import essential information to support decision-making.

Thus, AI is a vital tool for supporting decision-making processes, whether at the individual or institutional level, by improving decision quality and enabling faster responses to diverse challenges.

Benefits of AI Applications in Marketing Banking Services^v

The increasing adoption of AI and its rapid advancements are opening new horizons where AI intersects with core financial services in the following ways:

- **Enhancing Customer Understanding:** AI enables banks to better understand their customers by analyzing large data sets. It can be used to design innovative banking products, manage accounts, and enhance competitiveness by offering new customer experiences and banking applications.
- **Increasing Efficiency and Reducing Costs:** AI-powered automation can streamline processes such as loan processing, fraud detection, and customer service. Studies highlight AI's transformative role in wealth management by democratizing services, improving operational efficiency, and providing deeper insights into customer behavior, ultimately reducing costs and boosting profitability.
- **Improving Risk Management:** AI algorithms can analyze vast amounts of data to detect patterns and assess creditworthiness more accurately. This reduces loan defaults, lowers risk provisions, and improves profit margins. Moreover, AI enhances fraud detection and credit risk assessment, leading to significant cost savings.
- **Boosting Revenue Generation:** AI-driven tools enable the customization of financial products and services for individual clients, increasing satisfaction and loyalty. Furthermore, AI can identify new business opportunities and optimize marketing campaigns, thereby boosting revenue streams. For instance, *Bank of America* uses AI to suggest tailored investment strategies, enhancing customer engagement and product adoption.

These developments highlight the transformative intersection of AI with core financial operations, driving the banking sector into a new era of unprecedented innovation and efficiency.

Features of Artificial Intelligence in Marketing Banking Services

Through its powerful data analysis capabilities and ability to integrate with other systems, AI offers several advantages in the marketing of banking services:

1. Enhancing the Customer Experience:

- **Precision in Personalization:** AI enables marketers to target customers with high accuracy, shifting from assumption-based approaches to data-driven strategies. Consumers increasingly expect personalized experiences that align with their needs and preferences.
- **Hyper-Segmentation:** AI allows customer bases to be divided into highly specific micro-segments, making it possible to implement personalized marketing strategies that directly address individual needs. For example, segmenting customers by their risk tolerance.
- **Lead Scoring:** AI predicts the most promising potential customers likely to convert, allowing businesses to focus efforts on high-value prospects. AI-driven lead scoring

prioritizes the most beneficial prospects. For instance, a mortgage lender can classify potential clients based on credit scores, income levels, and property values, which optimizes the sales funnel and increases conversion rates.

- **Customer Behavior Mapping:** AI can generate behavioral maps by monitoring and analyzing the stages of service demand until transaction completion, while also identifying points where potential customers abandon the process. Customer journey mapping enhances strategies for client engagement. For example, a bank can use AI to analyze online banking service flows, detect at which stage customers drop out of their applications, and implement corrective measures to improve processes.
- 2. **Analyzing Global Competition in the Banking Market^{vi}:** By analyzing open data, AI can assess markets, interact with competitive environmental variables, and track the strategies of rival banks in each country. This provides insights into global market dynamics, advertising trends, promotional pricing, and digital activities, such as monitoring digital loan ratios. Based on this, AI can recommend new promotional offers, contributing to enhanced competitiveness and greater competitive advantage for the bank.
- 3. **Ensuring International Regulatory Compliance:** Regulatory compliance represents one of the most significant challenges in banking marketing across multiple legal environments. AI can analyze and review legal, financial, and marketing regulations (e.g., data protection, transparency, and anti-money laundering laws) in the countries where the bank operates, ensuring that marketing campaigns comply with local laws.

Non-compliance exposes banks to potential penalties, reputational risks, and even restrictions on operations or, in extreme cases, license withdrawal. Through data analysis, AI can provide automated alerts in the event of amendments or new financial or marketing regulations affecting the bank's activities. Furthermore, predictive models can be developed to assess non-compliance risks through legal risk modeling.

Thus, ensuring international regulatory compliance by respecting international laws protects the bank's brand from legal risks and safeguards its market position.

Characteristics and Challenges of International Marketing of Banking Services

Concept of International Marketing of Banking Services

- **Concept of Banking Marketing:** Banking marketing refers to the administrative activities that ensure the flow of banking services to current and prospective clients, as well as the identification of the most profitable markets and the evaluation of present and future customer needs^{vii}.

According to Naji Ma'la, the fundamental dimensions of banking marketing include:

- Banking marketing is an integrated interactive system of activities and processes aimed at achieving specific outcomes, requiring the provision of resources, capabilities, knowledge, and skills necessary for attaining planned objectives.
- Banking marketing activities must be subject to scientific planning while considering the outcomes of continuous interaction with environmental variables.
- Banking marketing is a dynamic, interactive process that involves mutual influence with environmental changes, as well as social, economic, and cultural developments. It requires banks to explore customers' present and future needs and to continuously seek

innovative solutions to meet these evolving needs with a comprehensive system of banking services.

- Banking activity is purposeful and client-oriented. Customer needs are the main driver of a bank's marketing activities. Since the goal of banking marketing is to achieve higher levels of profitability, this is conditional upon achieving higher levels of satisfaction with clients' financial and credit needs. Therefore, a bank's success depends on balancing its marketing objectives^{viii}.
- **Concept of International Marketing of Services:** International services marketing refers to the performance of marketing activities that facilitate the international flow of goods and services. It involves adopting a cross-border marketing strategy tailored to consumer needs in foreign countries, with the aim of satisfying wants and achieving the goals of both institutions and individuals^{ix}.

International marketing has also been defined as a set of efforts and activities leading to the flow of goods, services, and ideas to meet the needs of individuals and institutions in foreign markets through the process of exchange, while achieving the objectives of all parties involved, within a social and administrative framework and under macro-environmental changes^x.

Based on the above, international marketing of banking services can be defined as: *The process of targeting international markets through a set of activities, operations, and strategies that enable the delivery of banking services to satisfy the needs and fulfill the desires of consumers in different countries, while simultaneously achieving the bank's objectives.*

Characteristics of International Marketing

International marketing does not differ from domestic marketing in terms of activities and objectives. The distinction lies in the scope of the target market, the strategies employed, and the variations in international environmental factors (e.g., legislative and legal systems, economic variables, cultural and religious environments, customs and traditions, and the political climate).

Motives and Drivers for International Expansion

Service institutions often expand into international markets due to several motives, which can be summarized as follows:

- **Domestic Market Threats:** When local competition intensifies and the domestic market becomes small or saturated—often accompanied by economic stagnation and declining purchasing power—institutions may face sales reductions or losses. Since economic downturns rarely occur simultaneously across all countries, international expansion allows institutions to offset domestic losses and increase their business volume abroad. This requires identifying strategic alternatives for survival and growth in international markets.
- **Availability of Skills, Knowledge, Ambition, and Commitment:** Possessing effective organization and management characterized by ambition is a key driver for international expansion. Skills, knowledge, and experience enable institutions to commit to performance standards and gain competitive advantage in the global market^{xi}.
- **Exploiting Opportunities in International Markets:** Institutions seek new markets with growing economies in order to seize investment opportunities. International markets often offer rapid growth compared to domestic markets, yielding higher profitability, greater returns, and lower costs. Profit is thus a primary driver for international investment^{xii}.

- **Technological and Communication Developments:** Rapid technological progress has facilitated many business activities and contributed to growth and expansion. Internet-based information systems have enabled the provision of numerous services such as electronic transactions, money transfers, and international payment facilitation through banks operating across different countries^{xiii}.

Importance of Marketing Banking Services

The constant development of societies, alongside increasing life complexities and pressures, has amplified the need for diverse services by individuals and organizations. Rising awareness among clients and expanding geographical reach have compelled banking institutions to study customer needs and preferences carefully and to strive to meet them. This has pushed banks to adopt the modern marketing concept, directing focus toward clients, accurately defining target markets, and enhancing competitiveness in an increasingly competitive environment.

In general, the importance of marketing banking services can be summarized as follows:

- Identifying customer needs for banking services and providing services that meet these needs and desires.
- Studying and analyzing the banking services market and defining the target market.
- Determining the appropriate marketing mix by specifying the banking products and services, suitable promotional mix, and distribution methods tailored to clients.
- Preserving and growing the market share of banking institutions.
- Strengthening the ability to face competition and enhance the competitiveness of banking services^{xiv}.

Islamic Banking Services: Concept and Characteristics

Concept of Islamic Banking Services

Definition:

Islamic banking services are a set of activities and operations, with both tangible and intangible aspects, that serve as a source for meeting the financial and credit needs—both present and future—of customers through the Islamic bank. They also represent a source of profitability for the bank within a reciprocal relationship between both parties, in accordance with the Shariah-based principles and guidelines derived from Islamic law.

Characteristics of Islamic Banking Services

1. **Shariah Compliance:** Islamic banking services are subject to principles and regulations derived from Islamic Shariah. Islamic banks provide services in accordance with Shariah rules that emphasize justice and fairness, ensuring that financial transactions are free from usury (*riba*), prohibited activities, fraud, deceit, or any form of unjust enrichment or harm to either party, in line with the Islamic jurisprudence principle: “No harm and no harassment.”
2. **General Service Characteristics in Banking^{xv}:**
 - **Intangibility:** Like other services, banking services are intangible, which imposes additional burdens on banks when delivering and marketing them, as clients cannot physically inspect or verify them beforehand.

- **Customer Participation:** Customers play an essential role in producing banking services, requiring their presence during service delivery. Both provider and client perform certain roles to align expectations.
- **Simultaneous Production and Delivery:** Unlike physical goods, banking services are produced and delivered at the same time the client requests them.
- **Non-storability:** Banking services cannot be produced in advance or stored, making institutions vulnerable to fluctuations in demand and capacity.
- **Trust Factor:** Given their high intangibility, services rely heavily on trust, which derives from multiple dimensions: safety, competence, knowledge, expertise, and professionalism^{xvi}.
- **Geographical Expansion:** To reach the largest possible number of current and potential clients and cover a greater share of the market, banks must expand geographically through branches, service windows, and digital channels to provide appropriate and responsive services^{xvii}.
- **Direct Customer Contact:** Due to the inseparability of services, there is strong interaction between the service and its provider. Services are sold, produced, and consumed simultaneously, making the client a core participant in the service process.
- **Credit Responsibility:** Banks bear a primary responsibility to safeguard clients' deposits and credit assets, based on legal and ethical obligations. Full confidentiality regarding client accounts and information is mandatory—even after client-bank relations end—thus strengthening customer trust and loyalty.
- **Reliance on Deposits^{xviii}:** Deposits form the main source for providing banking services, especially for financing operations, enabling banks to achieve profitability.
- **Balancing Growth and Risk:** Banking products involving risk require monitoring to balance expansion and prudence. This necessitates flexible financial analysis to predict risks and returns under different scenarios.
- **Use of Advanced Technology:** The rise of electronic banking and digital platforms requires banks to adopt cutting-edge technologies and to continuously train their staff to stay aligned with rapid global and regional financial and technological developments.

Banking Services in Light of Artificial Intelligence (AI):

The integration of AI into Islamic banking—being a modern, rapidly evolving tool—requires recognition of the distinct service characteristics it enables, particularly for achieving marketing strategies:

- **Ease of Communication, Speed, and Timeless Availability:** AI, through virtual assistants and chatbots, provides uninterrupted real-time service across multiple devices, offering instant and personalized responses tailored to client interests.
- **Continuous Innovation and Product Development:** With its powerful data analysis capabilities, AI supports the development of innovative and integrated services. By embedding Shariah-compliant rules within algorithms, banks can ensure services remain religiously permissible.
- **Interactive Advisory Services:** Through chatbots and AI-powered customer centers, clients can conduct interactive tasks such as transaction inquiries and receive personalized financial

advice. Machine learning algorithms can further analyze user behavior and preferences, enabling personalized recommendations tailored to their financial situations and needs.

Shariah Guidelines for the Use of Artificial Intelligence in Islamic Banks

The integration and use of Artificial Intelligence (AI) in Islamic banks, along with benefiting from its advantages, is governed by Shariah guidelines, which include:

- Ensuring public interest, by providing advanced banking services that meet customers' needs while also enhancing bank profitability, thereby ensuring benefits for all parties.
- Avoiding contradiction with Islamic values and principles.
- Ensuring safety and security in usage.
- Constant verification of the technical and functional soundness of AI systems before implementation.
- Guaranteeing equal access to AI services for all, without discrimination based on race, religion, gender, or social group.

Challenges of Using Artificial Intelligence in Islamic Banks

1. **Shariah Compliance and Audit^{xix}:** Islamic banks operate based on principles derived from Shariah, such as justice, transparency, accountability, and the prohibition of usury (*riba*), excessive uncertainty (*gharar*), and unlawful activities. This requires AI algorithms and data-driven decision-making models to comply with these principles. A lack of compliance undermines the ethical value of financial transactions, customer trust, the interpretability of credit decisions, fraud detection, and risk assessment. Additionally, lack of transparency conflicts with Shariah requirements, making ethical auditing and review essential. Furthermore, the challenge of aligning smart contracts with approved Islamic finance models such as *Mudarabah* necessitates effective collaboration between Shariah scholars and technology experts to ensure alignment of technical innovation with Islamic values.
2. **Cybersecurity:** This involves procedures and technologies designed to protect systems and sensitive data from threats during processing, transfer, or storage within interconnected information networks. Cybercrimes target data confidentiality, integrity, and system continuity. Attacks may exploit vulnerabilities, hack data, or target electronic banking infrastructure. Such threats undermine the security, reliability, and sustainability of banking performance^{xx}.
3. **AI Bias:** Bias is a fundamental challenge in the banking sector's adoption of AI. Algorithms may generate biased decisions—for example, favoring certain groups of customers, discriminating against specific demographics, assessing new customers' risks unfairly by favoring certain age or educational groups, or issuing investment recommendations by gender without justification. Causes include reliance on historical data that does not reflect present realities, under- or over-representation of data, or algorithmic amplification of differences. Such biases lead to unfair or non-transparent outcomes, eroding trust when customers perceive discrimination^{xxi}.
4. **Privacy and Data Protection:** Processing vast amounts of sensitive data raises concerns about privacy and the reliability of AI systems to protect customer information. This

necessitates strict adherence to standards such as the General Data Protection Regulation (GDPR) and the use of advanced security systems.

Practical Applications of Artificial Intelligence in International Marketing of Islamic Banking Services at Kuwait Finance House (KFH)

Overview of Kuwait Finance House (KFH):

Kuwait Finance House (KFH) was established in 1977 as the first Islamic bank in Kuwait. It is a Kuwaiti public joint-stock company listed on the Kuwait Stock Exchange (KSE.KFIN) and the Bahrain Bourse.

KFH offers a wide range of Shariah-compliant banking services and products, including real estate services, commercial services, investment portfolios, financial trading, and financing services tailored for corporations and individuals. Its operations extend across Kuwait, Bahrain, Saudi Arabia, the United Arab Emirates, Turkey, Malaysia, Germany, the United Kingdom, Oman, Egypt, Iraq, and Libya.

KFH has been recognized as the Best Islamic Bank in the Middle East, guided by a vision of global leadership in financial services and a commitment to becoming the most trusted, sustainable, and profitable Islamic bank in the world. Its mission emphasizes delivering the highest levels of innovation and excellence in customer service.

KFH Strategy:

KFH develops and sustains its operations according to strategic priorities, which include:

1. **Enhancing the Customer Base:**Expanding its customer network, deepening client relationships, and working to increase satisfaction and loyalty.
2. **Innovation with Financial Technology (FinTech):**Leveraging the latest advancements in information technology, launching new products and services, and establishing collaborative partnerships with both global and local technology firms.
3. **Pursuit of Operational Excellence:**Continuously striving to achieve efficiency and excellence in all banking operations.

Uses of Artificial Intelligence at Kuwait Finance House (KFH)

Kuwait Finance House (KFH) has adopted a strategy for digital transformation, leveraging financial technology (FinTech), information technology, and the revolution in artificial intelligence (AI) techniques. Accordingly, it has taken proactive steps to achieve the following:

1. Innovative Digital Services and Products^{xxii}

To provide the best and most efficient services and enable faster transactions, KFH has launched several innovative digital services, including:

- Enabling the use of smartwatches and mobile phones to complete banking transactions through ATMs.
- Launching an online currency exchange service with competitive rates.
- Instant issuance of ATM cards via the KFH Online app within three minutes.
- Introducing an Interactive Voice Response (IVR) service to enhance customer experience, which served around 192,000 customers in 2019.

- Allowing financing product applications through KFH Online using electronic signatures.
- Instant money transfers to customer accounts in Turkey.

2. Digital Assistant “Fahad”^{xxiii}

To provide customers with an exceptional and advanced experience, KFH introduced Kuwait’s first virtual employee, “**Fahad**”, a digital assistant powered by artificial intelligence. His tasks include assisting customers in completing ATM withdrawals, answering inquiries clearly, and providing comprehensive guidance on various financial services and products in a simple and accessible manner.

3. Smart Branches (KFH GO)

The smart branches offer customers a wide range of interactive banking services, such as:

- Initiating trade transactions (Murabaha).
- Applying for credit and prepaid cards and card-to-card transfers.
- Updating personal data and phone numbers.
- Activating all types of bank cards.
- Opening deposits and accounts.
- Instant issuance of checkbooks and bank cards without prior request.
- Opening accounts for gold trading, as well as buying and selling gold.
- Cardless cash withdrawals via mobile QR code using civil ID or phone number.
- Instant transfers to KFH Turkey through the RippleNet network.

In 2019, digital transactions exceeded **372 million**, compared to only 9 million in 2018—a growth rate of **24%**. Today, between **80% and 90%** of banking services can be completed through digital branches. This significant increase in digital transactions reflects the importance of smart branches, both in attracting customers and in highlighting the necessity of continuous development to ensure a better customer experience.

4. Digital Bank “Tam”

KFH launched **Tam Bank**, Kuwait’s first fully digital bank compliant with Islamic Sharia principles, with a particular focus on serving the youth segment.

5. ATM Network

KFH has deployed a wide network of **1,250 ATMs** across the countries in which it operates. The focus has been on enhancing efficiency and effectiveness, making the network more automated and dynamic. Services now include cardless cash deposits, account opening via ATMs, instant issuance of checkbooks, and gold account management (opening, buying, and selling). This network has captured **24% of market growth**.

6. AI-Powered Robotic Search Engines

Through the **KFH Global FX Platform**, robotic search engines supported by AI have been adopted to perform complex tasks. These allow faster decision-making in currency trading, liquidity management, and daily operations across KFH Group with better pricing, higher productivity, and

efficiency—without human intervention. The system also accommodates the needs of individuals and corporations for foreign currencies, ensuring faster transactions and real-time pricing, thereby freeing employees to focus on sales.

7. Automation of Sharia Review Procedures

KFH has also automated certain Sharia audit and compliance procedures, developing a system for collecting approvals and religious opinions, making them easily accessible to management and relevant stakeholders.

By implementing these initiatives, Kuwait Finance House has created added value by connecting different markets within a unified network.

Conclusion

Through this research, we have reached the following findings:

- Kuwait Finance House (KFH) adopts a customer-oriented marketing strategy, positioning the client as the core of its marketing operations. It implements strategies that enhance customer satisfaction and aim to foster loyalty by ensuring a successful customer experience that relies on facilitating transaction execution and accompanying clients through all stages of the process. This is further supported by KFH's wide international presence, digital international banking operations, and smart banking branches.
- The first hypothesis is validated, namely that artificial intelligence (AI) technologies contribute to the development and reinforcement of international marketing strategies for Islamic banking services. This is achieved through the capabilities AI offers, particularly in data analysis, remote transaction facilitation, and the integration of KFH's branch network into a unified digital system. This is especially relevant given that KFH operates across multiple geographic regions in Asia, Europe, and Africa, with more than 615 branches in 12 countries and 2,084 ATMs, in addition to participating in international payment systems, all of which facilitate cross-border banking and financial transactions.
- Regarding the second hypothesis on legal and security challenges, these represent similar issues faced by conventional banks. However, the unique nature of Islamic banking—where the bank plays both an investment and a commercial role—renders these challenges more profound. In addition, Sharia-related challenges arise, particularly concerning whether AI-supported digital operations align with Islamic principles and rulings. Such operations are permissible on the condition that they cause no harm to any party (the bank, clients, or stakeholders), and that they remain free from any suspicion of usury (riba). Compliance challenges also exist with respect to local and international regulatory standards, legislation, and cybersecurity requirements.
- Security-related challenges are especially tied to data integrity and confidentiality, as well as the risk of cyberattacks targeting the bank's digital infrastructure, which could have severe consequences.
- Nevertheless, it is possible to align AI-supported digital marketing operations in Islamic banking with Sharia principles through Sharia supervisory boards, which correct and adjust any deviations from agreed-upon contractual and operational forms.

- The study also found that the wide and systematic use of digitalization and AI technologies within the bank's strategy for service innovation and differentiation has resulted in enhanced customer experiences and greater international expansion across its branches.

Recommendations

- Islamic banks should adopt clear and well-defined strategies to leverage AI capabilities at both operational and marketing levels to achieve performance efficiency and marketing effectiveness.
- Provide comprehensive training for employees in Islamic banks to adapt to fast-evolving systems, programs, and technologies, ensuring optimal performance and better results.
- Develop specialized training for Islamic banking professionals that integrates Sharia knowledge with advanced technical expertise in financial technology (FinTech) and AI. Such training serves as a regulatory safeguard to correct deviations and close gaps that might affect the Sharia compliance of Islamic financial products such as Murabaha, Mudaraba, and others.
- Strengthen cybersecurity systems and raise clients' awareness of cyber risks and challenges, as well as best practices in dealing with them.
- Establish strategic partnerships with digital technology firms, not only to seize investment opportunities but also to enhance the digital infrastructure capacities of Islamic banks.

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