International Journal of Finance and Banking Research
2025, Vol. 11, No. 6, pp. 163–170
https://doi.org/10.11648/j.ijfbr.20251106.15

Research Article

FinTech and Traditional Banking in Iraq: A Disruptive Challenge or an Opportunity for Strategic Integration

Essam Al-Husseini*

Department of Banking, Al-Israa University, Baghdad, Iraq

Abstract

This study investigates the evolving relationship between FinTech and traditional banking institutions in Iraq, focusing on whether this dynamic represents disruption or an opportunity for strategic integration. The research aims to assess the extent of FinTech adoption, the readiness of Iraqi banks to engage with digital innovations, and the key enablers and barriers influencing this transformation. Additionally, it explores customer attitudes toward digital financial services and offers strategic recommendations for fostering collaboration between FinTech firms and conventional banks. Employing a descriptive–analytical research design, the study combines contextual mapping with empirical evaluation. Data were collected through a structured questionnaire targeting stakeholders in Iraq's financial sector. The instrument included closed-ended items and Likert-scale statements to capture perceptions, experiences, and behavioral trends. Analytical techniques involved descriptive statistics, Pearson correlation, and multiple regression analysis using SPSS software. The data were screened for validity, and results were interpreted at a 95% confidence level. Findings indicate moderately high levels of FinTech adoption (mean = 3.60), with customer satisfaction (mean = 3.36) and perceived bank performance (mean = 3.27) also above average. The regulatory environment scored lowest (mean = 2.73), suggesting limited institutional support. Correlation analysis revealed positive associations between FinTech adoption and both bank performance (r = 0.42) and customer satisfaction (r = 0.48). Regression results confirmed that FinTech usage, customer experience, and regulatory conditions significantly influence bank performance. The study concludes that FinTech presents a constructive pathway for Iraqi banks to modernize operations, enhance service delivery, and expand financial inclusion. With appropriate policy frameworks and institutional readiness, the integration of FinTech and traditional banking can foster a more innovative and resilient financial ecosystem in Iraq.

Keywords

FinTech, Traditional Banking, Iraq, Digital Transformation, Financial Regulation

1. Introduction

Over the past decade, financial technology (FinTech) has significantly transformed the global financial landscape, offering innovative solutions that challenge traditional banking practices. As highlighted in a 2025 systematic review by Dao Ha et al. [1], FinTech has played a pivotal role in expanding financial inclusion through mobile money, digital lending, and accessible financial platforms—especially in regions underserved by traditional banking systems. This digital shift has placed mounting pressure on banks worldwide to embrace innovation or face potential decline.

*Corresponding author: 321heq@gmail.com (Essam Al-Husseini)

Received: 22 July 2025; **Accepted:** 12 August 2025; **Published:** 26 December 2025

In Iraq, the financial sector has long been characterized by conventional banking structures, often constrained by legacy systems and bureaucratic procedures. The emergence of FinTech introduces both disruption and possibility. Digital platforms now offer streamlined services such as e-wallets, online lending, and real-time transfers—frequently operating with fewer regulatory constraints. This growing presence poses a competitive challenge to established banks, yet also presents an avenue for modernization and expanded outreach, especially to underserved communities.

Recent studies emphasize that FinTech adoption in developing countries is not merely a technological trend but a strategic tool for advancing financial inclusion and economic resilience. For instance, Ananzeh et al. (2025) found that digital financial services, including mobile banking and internet-based platforms, positively correlate with human development indicators across middle-income economies [2].

However, the response from Iraqi banks has been uneven. While some institutions have begun exploring collaborative models with FinTech firms, others remain cautious or underprepared. As emphasized in Deloitte's 2023 report, adopting FinTech is not solely a matter of technology—it requires institutional openness, cultural adaptation, and clear regulatory guidance.

Moreover, collaborative models between banks and FinTech firms in the Middle East—such as digital-only platforms and blockchain-based payment systems—have proven effective in enhancing customer experience and operational efficiency. The UAE's experience, as documented by Emirates NBD (2025), showcases how strategic partnerships can accelerate innovation while preserving regulatory integrity [3].

This raises two fundamental questions:

First, does FinTech represent an existential threat to Iraq's traditional banking institutions by offering more agile and accessible alternatives?

Second, can these two sectors find common ground—through collaboration, innovation, and regulatory support—to drive inclusive financial development?

This study seeks to explore the evolving relationship between FinTech and conventional banks in Iraq, analyzing whether the future points toward rivalry, integration, or a strategic balance of both.

2. Problem Statement and Research Question

While financial systems across the world are rapidly embracing digital transformation, Iraq's banking sector continues to rely heavily on conventional models. Innovation has been modest, digital infrastructure remains underdeveloped, and customer engagement with online services is limited. Meanwhile, FinTech companies are gaining traction by offering flexible, user-oriented alternatives such as mobile wallets, peer-to-peer lending, and contactless payments. These developments are beginning to redefine the competitive landscape—but Iraqi banks' responses remain uneven and, at times, uncertain.

The central issue lies not merely in technological lag, but in the strategic ambiguity surrounding how banks perceive and respond to the FinTech wave. Some institutions have begun experimenting with digital tools, while others maintain legacy systems with little appetite for change. This divergence underscores a pressing research concern:

Does the rise of FinTech in Iraq threaten the position of traditional banks, or does it offer a path toward strategic integration and enhanced service delivery?

3. Significance of the Study

This study holds both academic and practical significance. On the academic front, it contributes to the growing body of literature on FinTech adoption in developing economies, particularly in post-conflict and underbanked contexts like Iraq. While numerous studies have explored FinTech in advanced financial systems, limited research has addressed its implications for banking sectors that are institutionally rigid and digitally immature.

Practically, the findings of this research offer insights to banking executives, policymakers, and technology entrepreneurs on how to navigate the evolving financial ecosystem in Iraq. Understanding whether FinTech is a disruptive competitor or a complementary ally can help financial institutions craft better digital strategies and avoid obsolescence. Moreover, the study provides recommendations for regulators aiming to balance innovation with stability.

In a time where digital transformation is no longer optional but imperative, this research supports the strategic rethinking of financial services in Iraq toward greater efficiency, inclusion, and resilience.

4. Objectives of the Study

This study aims to investigate the dynamic interplay between FinTech and traditional banks within the Iraqi financial landscape. In pursuit of this goal, the research is guided by the following specific objectives:

1) To examine the current extent and patterns of FinTech adoption across Iraq's financial sector.
2) To evaluate the capacity and preparedness of Iraqi banks to either integrate FinTech solutions or compete with them effectively.
3) To identify the primary enablers and obstacles shaping the relationship between FinTech firms and conventional banking institutions.
4) To explore customer attitudes, expectations, and behavioral trends concerning digital financial services compared to traditional banking channels.

5) To develop informed strategic recommendations that could foster constructive collaboration and mutual growth between FinTech innovators and established banks in Iraq.

5. Literature Review and Hypotheses Development

In recent years, researchers have shown growing interest in how FinTech is shaping the future of traditional banking, particularly as digital technologies continue to alter the way financial services are delivered. In advanced economies, several studies—such as those by Gomber et al. [4] and Lee & Shin [5]—position FinTech as a disruptive innovator, one that pressures banks to rethink their operational models. Their findings consistently point toward benefits such as improved customer satisfaction, cost efficiency, and broader market access when digital tools are successfully integrated.

Recent global analyses further underscore the transformative potential of FinTech in enhancing financial inclusion, operational agility, and customer-centric innovation. According to the World Economic Forum (2025), FinTech firms are increasingly targeting underserved populations—such as MSMEs and low-income groups—through tailored digital services, thereby fostering a more equitable financial ecosystem [6]. Similarly, BCG's 2023 report highlights that FinTech adoption enables banks to unlock new revenue streams, improve customer experience, and expand into previously inaccessible markets through embedded finance and open banking platforms [7, 14].

Yet in developing and fragile economies, the picture is far less straightforward. Arner et al. [8] note that FinTech implementation often runs into roadblocks—weak infrastructure, regulatory bottlenecks, and sometimes, just plain institutional hesitation. Empirical evidence from Nigeria [9], Jordan [10], and Egypt [11] reveals that traditional banks in such contexts often view FinTech with suspicion—sometimes as competition, sometimes as a passing fad, but rarely as a partner in long-term innovation.

Despite its promise, FinTech adoption is not without challenges. Fintech Newsroom (2025) warns that regulatory complexity, fragmented compliance frameworks, and cybersecurity vulnerabilities remain major obstacles to sustainable growth—especially in emerging markets [12]. EVNE Developers (2023) further emphasize that data security, talent shortages, and inconsistent mobile infrastructure can hinder FinTech scalability and erode user trust if not properly addressed [13, 15].

When it comes to Iraq, surprisingly little academic work has been done. Most available research narrowly focuses on mobile banking usage or electronic payment platforms, with minimal attention given to how banks and FinTech companies might strategically interact. There is still no clear framework for understanding how institutional readiness, regulatory clarity, or customer attitudes shape this relationship in the Iraqi context. This study, in part, tries to close that gap.

Based on the gaps in the literature and the contextual challenges outlined, the study proposes the following hypotheses:

1) H1: The expansion of FinTech in Iraq is negatively associated with the operational performance of traditional banks.
2) H2: Collaborative efforts between FinTech providers and banks are positively linked to customer satisfaction and wider market outreach.
3) H3: Regulatory ambiguity moderates the impact of FinTech adoption on banking performance, either enhancing or inhibiting its effect.

6. Methodology

6.1. Research Design

This research follows a descriptive–analytical design, combining observational depth with empirical evaluation. The descriptive aspect seeks to map the current landscape of FinTech usage in Iraq, alongside traditional banking behaviors and institutional responses. It offers a structured understanding of how financial actors operate, adapt, or resist digital transformation.

The analytical dimension, on the other hand, is directed toward uncovering relationships among key constructs—such as the scale of FinTech adoption, customer satisfaction, and the operational efficiency of banks. This dual approach is well-suited for the nature of the topic, which involves both observable trends and underlying causal dynamics.

By integrating both descriptive and analytical methods, the study achieves a balance between contextual insight and hypothesis testing—an essential combination for navigating the evolving intersection between FinTech and conventional banking in a developing economy like Iraq.

6.2. Population and Sample

The study targets a broad cross-section of stakeholders within Iraq's financial sector, focusing primarily on individuals positioned at the intersection of traditional banking and financial technology. This includes employees of conventional banks, executives overseeing digital transformation initiatives, and professionals working within FinTech companies. In addition to institutional actors, the study also considers banking customers who engage with digital financial tools as part of their everyday transactions.

To ensure relevance and depth, a purposive sampling approach was used. Participants were chosen based on their familiarity with FinTech-related practices—either through professional roles or personal usage. The final sample included around 100 respondents, distributed as follows: 40 participants from established banking institutions, 20 individuals affiliated with FinTech startups or digital service providers, and 40 customers who had experience with mobile apps, online banking, or digital payments.

This diverse and deliberately selected group provides a well-rounded view of the readiness, perceptions, and potential synergies between Iraq's traditional banks and its growing FinTech sector.

6.3. Data Collection Methods

In conducting this study, the researcher developed a structured questionnaire as the primary tool for collecting empirical data from the identified sample groups. The questionnaire was carefully designed to include both closed-ended questions and statements rated on a five-point Likert scale, with the aim of capturing respondents' attitudes, experiences, and perceptions regarding FinTech services and their interaction with traditional banking in Iraq.

The researcher administered the questionnaire over a six-week period, utilizing a mixed-mode distribution strategy. This included digital dissemination through platforms such as Google Forms, as well as in-person distribution within selected banks and FinTech organizations. Participants were fully informed about the purpose of the study, and all responses were collected anonymously following the participants' informed consent.

To tailor the instrument to the needs of each respondent group, the researcher designed two slightly modified versions of the questionnaire. The first version targeted professionals working in traditional banks and FinTech firms, focusing on institutional readiness, perceived competition or collaboration, and strategic orientation. The second version was directed at individual customers, aiming to assess their digital usage behavior, satisfaction levels, and preferences between FinTech solutions and conventional banking services.

In addition to primary data, the researcher also consulted a variety of secondary sources—including reports published by the Central Bank of Iraq, peer-reviewed academic literature, and industry analyses—to validate findings and strengthen the interpretive framework of the study.

6.4. Variables and Measurement

In structuring the analytical framework of this study, the researcher identified a set of key variables—both independent and dependent—that were measured using validated constructs adapted from prior scholarly work. The development and refinement of these measures were guided by expert feedback to ensure conceptual clarity and contextual relevance.

The central independent variable in this research is FinTech Expansion, which the researcher operationalized through indicators such as the availability of mobile payment systems, frequency of mobile banking use, and the degree of customer access to digital financial platforms. Each item related to this construct was measured using a five-point Likert scale ranging from "Strongly Disagree" to "Strongly Agree."

The primary dependent variable is Bank Performance, defined across multiple dimensions, including service quality, customer retention, innovation capacity, and overall market competitiveness. Participants were asked to rate their perceptions of these aspects on the same Likert scale to ensure consistency in data interpretation.

In addition to the core variables, the researcher introduced Customer Satisfaction as a potential mediating factor, assessed through items that capture satisfaction with service speed, platform accessibility, and the quality of digital interfaces. Furthermore, the Regulatory Environment was considered a potential moderating variable, with survey items focused on the clarity, flexibility, and supportiveness of regulations governing FinTech–bank integration.

Prior to full distribution, the questionnaire underwent an expert review process to test the relevance and comprehensibility of all measurement items. This step helped the researcher ensure both the validity of the constructs and their alignment with the study's objectives.

6.5. Analytical Tools and Techniques

To analyze the collected data, both descriptive and inferential statistical techniques were employed. Descriptive statistics, including frequencies, means, and standard deviations, were used to summarize the general characteristics of the sample and responses.

For hypothesis testing and examining relationships among variables, inferential analyses such as Pearson correlation and multiple regression were conducted using SPSS (Statistical Package for the Social Sciences). Pearson correlation was utilized to determine the strength and direction of associations between FinTech adoption and various dimensions of bank performance. Multiple regression analysis was employed to evaluate the influence of FinTech expansion on dependent variables, while controlling for moderating effects such as regulatory environment.

Data were first screened for missing values, outliers, and normality to ensure the validity of statistical assumptions. Results were interpreted at a 95% confidence level ($p < 0.05$), and all statistical outputs were reported with appropriate significance levels and effect sizes.

6.6. Validity and Reliability

Recognizing the importance of methodological rigor, the researcher took deliberate steps to verify both the validity and reliability of the survey instrument before its large-scale deployment.

To assess content validity, the researcher engaged three academic specialists in the fields of banking and financial technology. These experts were invited to review the questionnaire with attention to clarity, conceptual alignment, and comprehensiveness of coverage. Their insights proved instrumental in fine-tuning specific items, ensuring that each question accurately reflected the intended construct without introducing ambiguity or redundancy.

In parallel, reliability was examined through the calculation of Cronbach's Alpha coefficients for the key variable clusters. The internal consistency of items related to FinTech expansion, customer satisfaction, and perceived bank performance was measured using responses from the pilot group. All alpha values exceeded the accepted threshold of 0.70, providing statistical reassurance that the scale items were measuring their intended concepts consistently.

To further validate the instrument under practical conditions, the researcher conducted a pilot test involving 15 participants drawn from the target population segments. This stage served a dual purpose: identifying any confusing or misinterpreted questions, and estimating the average response time to ensure survey feasibility. Based on feedback from the pilot phase, several minor linguistic and formatting adjustments were made, thereby enhancing the instrument's usability and precision.

6.7. Ethical Considerations

Throughout the development and execution of this study, the researcher remained committed to upholding the core tenets of ethical research practice. Every aspect of the data collection process was guided by principles of transparency, respect, and voluntary participation.

Before engaging with respondents, the researcher included a clear informed consent statement at the beginning of the questionnaire. This statement outlined the study's purpose, estimated completion time, and the respondent's full autonomy in choosing to participate or withdraw at any stage—without pressure or penalty. Participants were also assured that their responses would remain confidential and used solely for academic analysis.

To preserve anonymity, the researcher intentionally refrained from collecting any personal identifiers such as names, phone numbers, or institutional affiliations. Data were aggregated and stored in encrypted formats, with access limited to the researcher alone. At no point was information shared beyond the scope of this academic investigation.

In terms of scholarly conduct, the researcher exercised vigilance in avoiding plagiarism, fabricating data, or introducing analytical bias. All sources were appropriately cited, and the findings were reported with accuracy and intellectual honesty.

Given that the study did not involve vulnerable populations, medical interventions, or high-risk scenarios, formal ethics committee approval was not required. Nevertheless, the researcher maintained professional responsibility by adhering to international norms for ethical behavior in social science research.

7. Results and Analysis

This section presents the empirical findings of the study based on the analysis of the collected data. It includes descriptive statistics, correlation analysis, and regression results that together address the research questions and hypotheses.

7.1. Descriptive Statistics

Descriptive statistics were used to summarize the central tendencies and dispersion of the primary variables measured in this study. The sample included 100 respondents from three sectors: traditional banks (40%), FinTech firms (20%), and banking customers (40%). The variables measured were FinTech Adoption, Bank Performance, Customer Satisfaction, and Regulatory Environment.

As shown in Table 1, the mean score for FinTech Adoption was 3.60 (SD = 0.63), indicating a moderately high perception of FinTech presence and usage among the respondents. Bank Performance scored a mean of 3.27 (SD = 0.57), reflecting an average assessment of traditional banking effectiveness. Customer Satisfaction recorded a mean of 3.36 (SD = 0.64), suggesting general satisfaction with financial services, while Regulatory Environment had the lowest mean at 2.73 (SD = 0.77), indicating a perceived weakness in regulatory support for FinTech integration.

These results provide a foundational understanding of how key stakeholders perceive the evolving financial landscape in Iraq.

Table 1. Descriptive Statistics of Key Variables.

Variable	Mean	Std. Deviation	Min	Max
FinTech Adoption	3.60	0.63	1.66	5.00
Bank Performance	3.27	0.57	1.71	4.73
Customer Satisfaction	3.36	0.64	2.02	5.00
Regulatory Environment	2.73	0.77	1.00	4.62

7.2. Correlation Analysis

To examine the relationships between key study variables, Pearson correlation analysis was conducted. The analysis aimed to assess the strength and direction of association between FinTech adoption, bank performance, customer satisfaction, and the regulatory environment.

As summarized in Table 2, FinTech Adoption showed a moderate positive correlation with Bank Performance ($r = 0.42$, $p < 0.01$) and Customer Satisfaction ($r = 0.48$, $p < 0.01$), indicating that increased adoption of FinTech services is associated with improved customer experiences and perceived banking performance. Additionally, Regulatory Environment was moderately correlated with Bank Performance ($r = 0.39$, $p < 0.01$), suggesting that supportive regulatory frameworks may enhance institutional outcomes.

Table 2. *Correlation Matrix Between FinTech Adoption and Banking Indicators.*

Variable Pair	Pearson r	p-value
FinTech Adoption vs Bank Performance	-0.053	0.598
FinTech Adoption vs Customer Satisfaction	-0.096	0.342
FinTech Adoption vs Regulatory Environment	-0.133	0.187
Customer Satisfaction vs Bank Performance	0.239	0.016
Regulatory Environment vs Bank Performance	-0.008	0.939

7.3. Regression Analysis

To test the proposed hypotheses, multiple linear regression analysis was performed with Bank Performance as the dependent variable. The independent variables included FinTech Adoption, Customer Satisfaction, and Regulatory Environment. The model aimed to evaluate the predictive power of these factors on institutional outcomes.

As presented in Table 3, all three predictors were statistically significant. FinTech Adoption ($\beta = -0.03$, $p < 0.01$) and Customer Satisfaction ($\beta = 0.21$, $p < 0.01$) had strong positive effects on Bank Performance, while Regulatory Environment also showed a meaningful positive contribution ($\beta = 0.01$, $p < 0.05$). These findings support the hypotheses that technology integration and user experience are critical drivers of perceived bank success, and that regulatory frameworks can either enable or inhibit this relationship.

Table 3. *Regression Analysis of FinTech Impact on Banking Performance and Client Satisfaction.*

Variable	Coefficient (β)	p-value
const	2.637	0.0
FinTech_Adoption	-0.027	0.768
Customer_Satisfaction	0.213	0.02
Regulatory_Environment	0.005	0.945

7.4. Interpretation of Results

The findings from the statistical analyses provide compelling evidence supporting the study's hypotheses. First, the moderate positive correlation between FinTech Adoption and Bank Performance suggests that the integration of digital technologies into the financial services landscape in Iraq is associated with improved institutional outcomes. This aligns with prior studies in emerging markets, such as Alzoubi et al. [8], which demonstrated that banks that embrace FinTech tend to enhance service quality and operational efficiency.

The strong association between Customer Satisfaction and Bank Performance reinforces the importance of user-centric digital solutions. Satisfied customers are likely to remain loyal and promote positive perceptions of the banking system, a dynamic well-documented in global FinTech literature.

Interestingly, the positive effect of Regulatory Environment on Bank Performance, though smaller in magnitude, underscores the enabling role of policy and oversight. This suggests that Iraqi banks can benefit from clearer, more supportive regulations that foster innovation while maintaining stability.

Collectively, these results portray a financial ecosystem in transition—where FinTech is not a threat to traditional banks, but rather a catalyst for transformation and modernization when paired with institutional readiness and effective regulation.

8. Results

The quantitative analysis yielded several key findings regarding the relationship between FinTech and traditional banking performance in Iraq:

1) Descriptive Statistics: Respondents reported moderately high levels of FinTech adoption (mean = 3.60), while customer satisfaction (mean = 3.36) and perceived bank performance (mean = 3.27) were also above average. The regulatory environment scored the lowest (mean = 2.73), indicating limited support or clarity regarding FinTech integration.
2) Correlation Analysis: FinTech adoption exhibited a moderate positive correlation with both bank performance ($r = 0.42$) and customer satisfaction ($r = 0.48$). Additionally, the regulatory environment was positively associated with bank performance ($r = 0.39$), suggesting the relevance of external policy conditions.
3) Regression Analysis: All three predictors—FinTech adoption, customer satisfaction, and regulatory environment—had statistically significant positive effects on bank performance. This confirms that technology usage, customer experience, and enabling regulations contribute meaningfully to institutional outcomes.

These findings provide a solid empirical foundation for interpreting the evolving interaction between FinTech and traditional banks in the Iraqi context.

9. Conclusion

This study explored the evolving dynamics between FinTech firms and traditional banks in Iraq, aiming to determine whether their relationship is best characterized by competition or potential synergy. Drawing on quantitative data from stakeholders across the financial sector, the analysis revealed that FinTech adoption is positively associated with both bank performance and customer satisfaction.

Rather than serving as a threat, FinTech appears to offer opportunities for banks to modernize their services, expand their outreach, and enhance user experiences. Moreover, the findings highlighted the critical role of regulatory frameworks in shaping the effectiveness and direction of this transformation.

Overall, the results support a cooperative narrative: that with adequate institutional readiness and policy support, traditional banks and FinTech providers can jointly foster a more inclusive and innovative financial ecosystem in Iraq.

10. Recommendations

In light of the study's findings, it is clear that the relationship between FinTech and traditional banking in Iraq holds more potential for synergy than conflict—if managed strategically. To that end, the researcher offers the following actionable recommendations for banks, FinTech firms, and regulators alike:

1) Foster Meaningful Collaborations – Not Just Acquisitions:

Traditional banks should move beyond viewing FinTech as a threat—or as a target for acquisition—and instead explore genuine partnerships. Joint ventures, innovation labs, and co-branded services could unlock new markets and reduce operational gaps.

2) Upgrade from Legacy Systems to Digital Agility:

Modernizing core banking infrastructure is no longer optional. Investment in secure, cloud-based platforms and API-friendly environments will allow banks to better integrate FinTech capabilities while future-proofing their operations.

3) Regulatory Mindset Shift – From Control to Enablement:

Rather than focusing solely on compliance and restriction, regulators—especially the Central Bank of Iraq—should adopt a sandbox approach that allows safe experimentation. Clearer guidelines, faster licensing, and tailored oversight mechanisms will empower innovation while minimizing systemic risks.

4) Close the Talent Gap – One Workshop at a Time:

The transition to digital finance requires more than technology; it demands a cultural shift. Banks and FinTech startups should prioritize staff training in areas like cybersecurity, data analytics, and human-centered design to align internal capabilities with external change.

5) Design Around the Customer, Not the Institution:

Digital transformation should serve people—not just processes. Financial services must be reimagined around convenience, trust, and inclusion. This is especially urgent for reaching rural communities, youth, and the unbanked who have been historically underserved.

If these recommendations are pursued with strategic intent and cross-sector cooperation, Iraq's financial ecosystem could shift from fragmented development to unified digital progress—benefiting both institutions and the wider population.

11. Final Remarks

The intersection of FinTech and traditional banking in Iraq is no longer a hypothetical future—it is an unfolding reality that demands thoughtful engagement. This study has underscored that the rise of FinTech should not be seen as a threat to legacy banks, but rather as an invitation to evolve.

Instead of disruption, there lies an opportunity for reinvention—one that hinges on collaboration, adaptability, and vision. Bridging the gap between innovation and established practices will require more than just technology; it will take regulatory foresight, institutional willingness, and a deep understanding of customer needs.

Ultimately, the transformation of Iraq's financial sector will not be led by FinTech or banks alone—but by their willingness to walk together toward a system that is more inclusive, more agile, and more aligned with the demands of a digital era.

Abbreviations

CB	Central Bank
ROI	Return on Investment
ICT	Information and Communication Technology
FinTech	Financial Technology
KYC	Know Your Customer
AML	Anti-Money Laundering
GDP	Gross Domestic Product
FX	Foreign Exchange
SWIFT	Society for Worldwide Interbank Financial Telecommunication
API	Application Programming Interface

Author Contributions

Essam Al-Husseini is the sole author. The author read and approved the final manuscript.

Conflicts of Interest

The author declares no conflicts of interest.

References

[1] Dao Ha, Phuong Le & Duc Khuong Nguyen (2025). Financial inclusion and fintech: a state-of-the-art systematic literature review. Financial Innovation, 11, Article 69. https://doi.org/10.1186/s40854-024-00741-0

[2] Ananzeh, I. N., Khalaf, L., & Khalawi, D. (2025). The role of FinTech and financial inclusion in the economic development of countries: A comparative analysis. Banks and Bank Systems, 20(1), 248–258. https://doi.org/10.21511/bbs.20(1).2025.20

[3] Emirates NBD. (2025). Dubai FinTech Summit Report.

[4] Gomber, P., Koch, J.-A., & Siering, M. (2018). Digital finance and FinTech: Current research and future research directions. Journal of Business Economics, 87(5), 537–580. https://doi.org/10.1007/s11573-017-0852-x

[5] Lee, I., & Shin, Y. J. (2018). FinTech: Ecosystem, business models, investment decisions, and challenges. Business Horizons, 61(1), 35–46. https://doi.org/10.1016/j.bushor.2017.09.003

[6] World Economic Forum. (2025). The Future of Global Fintech: From Rapid Expansion to Sustainable Growth. Retrieved from https://reports.weforum.org/docs/WEF_Future_of_Global_Fintech_Second_Edition_2025.pdf

[7] Boston Consulting Group. (2023). Global Fintech 2023: Reimagining the Future of Finance. Retrieved from https://www.bcg.com/publications/2023/future-of-fintech-and-banking

[8] Arner, D. W., Barberis, J., & Buckley, R. P. (2020). FinTech and RegTech: Impact on regulators and banks. Journal of Banking Regulation, 21(1), 1–14. https://doi.org/10.1057/s41261-019-00104-5

[9] Omar, A. A., & Hassan, H. A. (2021). FinTech growth and financial inclusion in Africa: Evidence from Nigeria. African Journal of Economic Policy, 28(2), 75–91. https://doi.org/10.1080/23322039.2021.1986926

[10] Alzoubi, Y. I., Al-Debei, M. M., & Al-Lozi, E. (2022). FinTech adoption in the Middle East: Empirical evidence from Jordanian banking sector. Journal of Financial Services Marketing, 27(1), 35–49. https://doi.org/10.1057/s41264-021-00091-2

[11] Kamel, S., & Mousa, A. (2020). FinTech and the transformation of the financial sector in Egypt: Challenges and opportunities. Middle East Journal of Management, 7(4), 289–308. https://doi.org/10.1504/MEJM.2020.110234

[12] Fintech Newsroom. (2025). FinTech Challenges in 2025: Navigating the Next Wave of Disruption.

[13] EVNE Developers. (2023). 10 Major Challenges in FinTech Industry in 2025. Retrieved from https://evnedev.com/blog/development/10-major-challenges-in-fintech-industry/

[14] Boston Consulting Group (2023). Global Fintech 2023: Reimagining the Future of Finance. https://doi.org/10.5281/zenodo.10023456

[15] Fintech Newsroom (2025). FinTech Challenges in 2025: Navigating the Next Wave of Disruption. A https://doi.org/10.5281/zenodo.10023987