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The impact of internal auditing activity on the Effectiveness of digital risk management in banks registered on the Palestine exchange.

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Abstract: The study was meant to find out how internal auditing activities in banks registered on the Palestine exchange affected digital risk management. 58 randomly chosen individuals from the internal audit departments of the banks registered on the Palestine exchange made up the study sample. To meet the objectives of the study, a descriptive approach has been used. A questionnaire that was created specifically for the study's objectives was also used and following data analysis, the results indicated a high impact for each of the (assurance and consulting audit services) on the effectiveness of digital risk management. Consequently, the study recommended that there is a need to increase attention to internal audit activity and activate its role to ensure independence, objectivity, efficiency, and effectiveness of its operations because of its positive impact on supporting digital risk management.

Keywords: Internal audit activity, digital risk management, Internal control system, Banks sector.

1. Introduction:

Banks face many risks when carrying out their business, which leads to the exposure of this business to many risks, which are typically represented in a state of uncertainty. Risks remain an integral part of the banking business, especially with the intensification of competition and the significant increase in interest in financial technology in Palestine After the issuance of the National Financial Inclusion Strategy, where the fourth objective in the strategy stipulated) the best use of the role of information and communication technology in expanding the spread and use of formal financial services [1]. Therefore, banks are facing a variety of banking risks that vary in degree of seriousness, the most important of which are operational and digital risks. One of the issues that boards of directors care about, and that importance also increased after the succession of global financial crises, so the senior management in banks must respond to these requirements. Financial technology in banking transactions and proposing preventive measures to contain the consequences, as well as the urgent need for a mechanism through which it is assured that the risk management process was carried out appropriately and effectively, which is the role that can be assigned to the internal audit function, and the internal audit function provides advisory activities to assist management in activating risk management, and Another assurance is to discuss reasonable assurance about the reliability and appropriateness of the information, and internal control systems regarding risk management through a report submitted to the Board of Directors.

Therefore, Internal audit, which identifies present and potential flaws and strengths and looks for chances to expand or improve them, is essential in enhancing operational performance and defining critical risk factors. In accordance with Standard No. (2120) of the International Standards for the Professional Practice of Internal Auditing, which states that "the internal audit activity must evaluate the effectiveness of risk management, "The plans approved by senior management in their a year plans analyze potential dangers that could have an influence on their profitability and performance, and they provide the required ideas to reduce risks and threats and identify areas in which improvements can be made." [2].

Only 28% of audit executives, according to recent study, think their positions have a significant influence and impact on their firms. Since internal auditing remain merely a normative and required task within the firm, many of them think it has barely to no impact.

Then, In the study, it appeared that the boards of directors of the banks registered in Palestine Exchange, based on the instructions of the Monetary Authority and the Palestinian Capital Market Authority, formed, and appoint committees and departments specialized in risk management, whose objective is to of risk management. Improve performance and profitability and maintain the durability and strength of capital to experience any potential losses and assist senior management in Effective monitoring of the risks to which the bank is exposed and experiencing potential events that have an impact on the achievement of objectives. In parallel, some internal audit departments within its organizational structure are supposed to carry out a pivotal role in providing an independent and objective assessment.

This raises a question of whether these departments and risk committees benefit from the internal audit activity to manage their risks and produce a beneficial impact on their operations, plans and strategies in dealing with risks and contribute to their improvement or not, and accordingly, the study seeks to resolve the following critical question:

To what extent performs internal auditing activity in banks registered on the Palestine exchange impact the effectiveness of digital risk management?

So, the study aims to determine the impact of internal audit activity on the effectiveness of digital risk management, measure the impact of the assurance and consulting role of the internal audit activity and the internal control system in the effectiveness of digital risk management, as well as to identify the grade of effectiveness of digital risk management in banks registered in Palestine Exchange.

Therefore, The significance of the study appears from the framework of achieving its objectives by highlighting the importance of the role of internal audit in managing digital risks and benefiting from it as feedback that contributes to the insight of the boards of directors of banks registered on the Palestine Exchange towards developing the performance of the internal audit departments and working to increase their technical capacity to fulfill their responsibilities, which supports their efforts In developing digital risk management, keeping abreast of changes in the business environment and helping to reduce losses and manage accidents. It equally contributes to increase interest in managing digital risks resulting from the digital transformation in financial services and products provided by banks.

This study is the only one to address the impact of internal audit activity with its assurance and consulting services on the effectiveness of digital risk management in banks registered on the Palestine exchange. It is, moreover, the first study to determine the level of effectiveness of digital risk management in banks registered on the Palestine exchange. As a result and the paper add a significant and novel to the study literature on digital risk management.

This study's remaining sections are organized as follows. The literature review regarding the subject of interest is compiled in Section 2. The study framework and creating hypotheses are presented in part three, the sample, the technique of conducting the study, and the findings of the field study are presented in section four, and the conclusion of this article is presented in section five.

2. Literature review:

The researchers reviewed more initial studies that addressed the study's topic, and the following can be indicated about those studies:

The purpose of the study [3] was to determine how internal audits might help lower operational risks for higher education institutions in the Libyan state, as well a study [4] sought to investigate the contribution of internal audit to risk management in public institutions, while the study [5] showed The effectiveness of the risk manager was the primary determinant of risk management, and internal auditing is focused on assessing the risk management department and verifying the effectiveness of risk management procedures in addressing these risks. However, the results of the study [6] indicates that internal audit, internal auditor and added value of internal audit are statistically significantly associated with risk management, Additionally, the study [7] suggested that the bank's board of directors should be in charge of the internal control system because it represents the highest authority rather than the executive management in order for it to be more potent and effective in revealing deviations as well as to draw attention to various risks to avoid them, Regarding the study [8] named "The Impact Of Internal Audit On Improving Risk Management Pursuant To Internal Auditing Standards In Commercial Banks Registered On Amman Stock Exchange In Light Of The Covid-19 Pandemic, [9] " it revealed that internal audit had a massive impact on risk management improvement. If commercial banks devoted more attention to developing the internal audit and its characteristics, it would receive a favorable impact on risk management, which would advance by 33% because of the constant follow-up and ensuring banks' ability to endure and manage crises related the audit role (0.497), while the study [10] It is recommended that data analysis and IT skills be integrated into the internal audit function. Additionally, the internal audit department must promote consulting initiatives to support firms as they deal with the business environment's digitization.

Including the study:

After presenting the previous studies, they can be commented on as follows:

The researchers will gain knowledge from the prior study in several areas, like selecting the study method to be used, developing the study tool, the conceptual model, the type of statistical analyses, and the analysis and discussion of the outcome. This study employs a descriptive methodology and a questionnaire to collect data, same to many previous studies that have addressed the topic of The Impact of Internal Audit on Risk Management. But what makes the present study unique is it focuses on the effectiveness of digital risk management, and it deals with independent factors (assurance and consulting audit services) that have been unstudied in previous studies. It deals with a mediating factor represented in the internal control system, the current study is in a country Palestine, and it is the unique study that dealt with the issue of digital risk management in banks registered on the Palestine exchange.

3. Study Framework and Development Hypotheses:

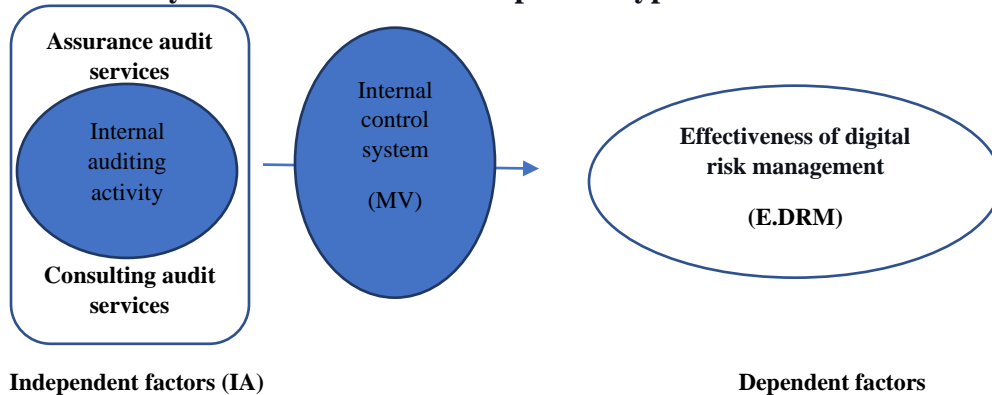


Fig. 1. The model for the study

Independent factors: It was constructed following the International Professional Practices Framework (IPPF) published by the Institute of Internal Auditors (2017), and from researchers' suggestions based on their expertise in the field.

Control factors: Consisting of (board of Directors, Risk Committee, Senior Management, Executive Management, Control and Compliance Departments, Employees).

The terminology of the study: [11], [12].

Internal Auditing: Internal auditing obtains an available, impartial assurance and consultation process intended to enhance an organization's performance. It contributes to the achievement of organizational goals by applying a methodical, disciplined approach to assessing and enhancing the efficacy of risk management, control, and governance systems.

Assurance Services: An objective assessment of the present data for the purpose of giving the organization's governance, risk management, and control procedures. Financial, performance, compliance, system security, and due diligence engagements are some few examples.

Consulting Services: The aim of advisory and associated client service activities is to add value and enhance an organization's governance, risk management, and control procedures without the internal auditor taking on management responsibilities. Nature and scope of these activities are agreed upon with the client. Counseling, advising, facilitation, and training set some examples.

Risk Management: A method for identifying, evaluating, managing, and controlling potential events or circumstances to offer a reasonable level of assurance about the accomplishment of the organizational objectives.

Digital risk management: A subset of corporate management known as "digital risk management" employs procedures to enhance the assessment and monitoring of digital risk. This encompasses any risks, such as third-party risks, operational risks, and cyber security risks, that have an impact on the organization's reputation, operations, or financial performance.

Internal control system: Any efforts made by the board, management, and other stakeholders to reduce risk and allow the possibility that certain goals and objectives will be reached. Planning, organizing, and directing the execution of sufficient actions is done by management to offer a reasonable assurance that objectives and goals will be met.

Development Hypotheses: Considering the study problem, the following hypotheses were formulated:

H1: The internal auditing activity exercises a beneficial influence on the effectiveness of digital risk management in banks registered on the Palestine exchange.

The first hypothesis ramifies the following hypotheses:

1. The effectiveness of digital risk management in banks registered on the Palestine exchange is positively impacted by assurance audit services.

2. The effectiveness of digital risk management in banks registered on the Palestine exchange will be positively affected by consulting audit services.

H2: The internal auditing activity exercises a beneficial influence on the internal control system in banks registered on the Palestine exchange.

H3: The internal auditing activity exercises a positive influence on the effectiveness of digital risk management by mediating the internal control system in banks registered on the Palestine exchange.

4. Methodology:

4.1: Study Methodology:

To address the subject, answer the questions posed, and prove and deny the hypotheses adopted for the study, the descriptive analytical approach was relied upon, descriptive in the theoretical aspect and analytical in the applied aspect.

4.2: The study population:

(65) Employees from the internal audit departments of the banks registered on the Palestine Exchange made up the study population, which consist of (Al-Safa Bank, Bank of Palestine, Palestine Islamic bank, Palestine investment bank, Quds bank, The national bank, Arab Islamic bank).

4.3: The sample selected for the study and its individual's demographics:

(58) Employees working in the internal audit departments were randomly selected as a sample for the study, at a rate of 89% of the total study population.

After analyzing the demographic data of the study sample using descriptive statistics methods, the results appeared as shown in Table (1).

Table 1. The study sample's demographic traits in general.

Factors	Categories	Frequency	% Percentage
Job title	Departmental Director	6	10.5
	The department's head	16	27.5
	Internal Auditor	36	62
	<i>Total</i>	<i>58</i>	<i>100</i>
Educational background	Master's degree or higher	22	38
	Bachelor	34	58.6
	Intermediate Diploma	2	3.4
	<i>Total</i>	<i>58</i>	<i>100</i>
Years of Experience	less than 5 years	14	24.10
	5 – 15 years old	34	58.60
	More than 15 years	10	17.30
	<i>Total</i>	<i>58</i>	<i>100</i>

Obtaining Professional Certification in Auditing	Yes	23	39.6
	No	35	60.4
	<i>Total</i>	<i>58</i>	<i>100</i>

The table (1) shows up that all the sample is workers in the internal audit departments with different job titles, they hold specialized educational certificates in the field of finance and administration, and they have experience in the field of internal auditing, but 60.4% do not possess professional certificates in auditing, so, the study's target sample is regarded as being representative of the initial population.

4.4: Tool of the study:

To achieve the objectives of the study, the data are acquired using a self-designed English-Arabic questionnaire that was produced using Google online. Participants were invited to respond to questions about the study and evaluate its hypotheses in the questionnaire. The questionnaire, which was used as the prime tool for gathering data for the study, featured several paragraphs that indicated the goals of the investigation and the inquiries that respondents were expected to respond to. Additionally, a five-dimensional Likert Scaling Method was employed to rank the relative relevance of each response. The tool was developed to be based on theoretical literature and previous studies.

The questionnaire, the primary study tool, occupied four sections:

The first section: include information on the demographics of the study sample's participants based on four criteria (job title, academic background, years of experience, and obtaining professional certification in auditing), which are used to describe the study sample's characteristics.

The second section: The measure of the impact of each (assurance audit services, and consulting audit services) on the effectiveness of digital risk management in the banks registered on the Palestine Exchange across (8) paragraphs gauge.

Third section: It measures the level of the internal control system in the banks registered on the Palestine Exchange across (8) paragraphs.

Fourth section: The gauge of the grade of the effectiveness of digital risk management in the banks registered on the Palestine exchange included (6) items to represent the gauge.

The response between from (1-5) according to the Five Likert Scale, as follows:

1. Robustly believe: grade (5).
2. Accept: grade (4).
3. Balanced: grade (3).
4. Oppose: grade (2).
5. Robustly oppose: grade (1).

So, in its final form, the questionnaire (the study tool) included 22 items on a five-point Likert scale.

4.5: Data examinations:

4.5.1: according to the Descriptive statistical results: the following table will be used to interpret the result:

1. Greater than 4.2: very highly.
2. Greater than 3.4 & fewer than 4.2: Highly.
3. Greater than 2.6 & fewer than 3.4: Middle.
4. Greater than 1.8 and fewer than 2.6: Low.
5. Fewer than 1.8: Very low

4.5.2: based on the results of the inferential description, The hypothesis is accepted if the p-value comprises barely 5% and it is statistically significant; it is rejected if the p-value is greater than 5% and it is not statistically significant.

4.6: The Reliability of the questionnaire:

The tool's reliability was 92.3%. According to [13], this indicates the study tool has a high stability coefficient and can accomplish the study objective.

4.7: Findings and Discussion:

4.7.1 Descriptive Analyses:

1. The most important internal auditing activity operations that had an impact on the effectiveness of digital risk management in the banks registered on the Palestine exchange illustrated in the table (2) following:

The operations	Mean	Std. Deviation	Significance
Internal audit evaluates the efficiency and effectiveness of digital risk management processes.	3.91	0.60	1
The internal audit alerts the bank's senior management of new risks.	3.90	0.66	2
Internal audit evaluates the digital risk reporting process.	3.90	0.69	2
Internal audit helps prepare reports on digital risk management.	3.88	0.56	3

2. The degrees of impact of the independent factors (assurance audit services and consulting audit services) on the dependent factor, the level of the intermediate factor (internal control system), and the degree of the dependent factor (effectiveness of digital risk management) in the banks registered on the Palestine Exchange, which were as follows:

Table 3. Analysis of data (Descriptive):

Study factors	Mean	Std. Deviation
Assurance audit services	3.86	0.58
Consulting audit services	3.80	0.47
Internal auditing activity	3.83	0.48
Internal control system	4.06	0.61
Effectiveness of digital risk management	4.11	0.56

Table (3) illustrates that:

1. The assurance internal audit activity and the consulting audit activity have a high impact on the effectiveness of digital risk management.
2. The degree of impact of the internal audit activity on the effectiveness of digital risk management is high.
3. The level of the internal control system in the banks that are registered on the Palestine exchange is high.
4. Digital risk management in banks which are registered on the Palestine Exchange is highly effective.
5. When reviewing the standard deviation ratios, it indicated that there was complete consistency between the opinions of the study sample in a strikingly, where the study sample's percentage of agreement ranged from 85% to 88%.

4.7.2: Hypothesis testing:

H1: The internal auditing activity exercises a beneficial influence on the effectiveness of digital risk management in banks registered on the Palestine exchange.

The researchers applied simple linear regression analysis to test the hypothesis:

Table 4. Analyzing the impact of internal auditing activity on the efficiency of digital risk management using simple linear regression.

Factor	R	R Square	F Value	Sig
<i>internal auditing activity</i>	36.2%	13.1%	8.450	0.005

Table (4) shows up that the relationship between internal audit activity and the effectiveness of digital risk management is 36%, that the independent factor was able to explain 13% of the variation that occurred on the dependent factor while 87% of the other factors interpret changes in the dependent facto and that the relationship between the two factors is statistically significant.

The researchers attribute this result to the importance of the role of the internal audit department as one of the governance mechanisms in contributing to the management of digital risks, especially since an internal audit is based on risks, including digital risks.

Table 5. Analyzing the relationship between factors using simple linear regression.
Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	2.502	.559		4.475	.000
<i>Internal auditing activity</i>	.421	.145	.362	2.907	.005

a. Dependent Factor: E.DRM

The regression line equation can be used to summarize the value of the internal auditing activity's regression coefficient, shown in Table (5):

$$E.DRM = 2.502 + 0.421 \text{ Internal audit activity} + e$$

Moreover, based on the previous model, an effective relationship appears between the factors and a statistically significant linear regression based on the apparent p-value.

1. **The effectiveness of digital risk management in banks registered on the Palestine exchange is positively impacted by assurance audit services.**

The researchers applied simple linear regression analysis to evaluate the hypothesis:

Table 6. Impact of assurance audit services on the efficacy of digital risk management: a linear regression analysis.

Factor	R	R Square	F Value	Sig
<i>Assurance audit services</i>	30.5%	9.3%	5.733	0.020

Table (6) indicates up that the relationship between assurance audit services and the effectiveness of digital risk management comprise 30%, that the independent factor was able to explain 9% of the variation that occurred on the dependent factor, while 91% of the other factors interpret changes in the dependent factor and that the relationship between the two factors is statistically significant.

The researchers believe this result is because the main role of internal auditing is to provide assurance services about the effectiveness of control measures to confront the digital risks that confront the work of banks.

Table 7. Analyzing factors using simple linear regression to estimate their relationship.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
<i>(Constant)</i>	2.986	.477		6.264	.000
<i>Assurance audit services</i>	.292	.122	.305	2.394	.020

a. Dependent Factor: E.DRM

The regression line equation can be used to summarize Table (7), which shows the value of the assurance audit services' regression coefficient:

$$E.DRM = 2.986 + 0.292 \text{ Assurance audit services} + e$$

Moreover, based on the previous model, an effective relationship appears between the factors and a statistically significant linear regression based on the apparent p-value.

2. The effectiveness of digital risk management in banks registered on the Palestine exchange will be positively affected by consulting audit services.

The researchers applied simple linear regression analysis to evaluate the hypothesis:

Table 8. Impact of consulting audit services on the efficacy of digital risk management: a linear regression analysis

Factor	R	R Square	F Value	Sig
<i>Consulting audit services</i>	36.2%	13.1%	8.420	0.005

Table (8) indicates up that the relationship between consulting audit services and the effectiveness of digital risk management is 36%, that the independent factor was able to explain 13% of the variation that occurred on the dependent factor, while 87% of the other factors interpret changes in the dependent factor and that the relationship between the two factors is statistically significant. This result is required, from the point of view of the researchers, to the fact that the auditing departments provide consulting services through training the executive departments and suggesting amendments to the regulations and instructions in force on an ongoing basis, which led to an impact on the effectiveness of digital risk management.

Table 9. Analyzing factors using simple linear regression to estimate their relationship.

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
<i>(Constant)</i>	2.487	.565		4.400	.000
<i>Consulting audit services</i>	.428	.148	.362	2.902	.005

a. Dependent Factor: E.DRM

The regression line equation can be used to summarize Table (9), which shows the value of the consulting audit services' regression coefficient:

$$E.DRM = 2.487 + 0.428 \text{ Consulting audit services} + e$$

Moreover, based on the previous model, a beneficial relationship appears between the factors and a statistically significant linear regression based on the apparent p-value.

H2: The internal auditing activity exercises a beneficial influence on the internal control system in banks registered on the Palestine exchange.

The researchers applied simple linear regression analysis to evaluate the hypothesis:

Table 10. Analyzing the effect of internal auditing activity on the internal control system using simple linear regression.

Factor	R	R Square	F Value	Sig
<i>internal auditing activity</i>	51.3%	26.3%	20.032	0.000

Table (10) indicates up that the relationship between internal audit activity and internal control system is 51%, that the independent factor was able to explain 26% of the variation that occurred on the dependent factor, while 74% of the other factors interpret changes in the dependent factor and that the relationship between the two factors is statistically significant.

The researchers believe this result is due to the role of the main internal audit, according to professional standards, in evaluating the effectiveness of the internal control system and providing the necessary recommendations for its improvement and the role of these departments as part of digital risk management in banks.

Table 11. Analyzing factors using simple linear regression to estimate their relationship:

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
<i>(Constant)</i>	1.549	.565		4.475	.008
<i>Internal auditing activity</i>	.655	.146	.513	2.907	.000

a. Dependent Factor: ICS

The regression line equation can be used to determine the value of the internal auditing activity's regression coefficient, shown in Table (11):

$$ICS = 1.549 + 0.655 \text{ Internal audit activity} + e$$

Moreover, based on the previous model, an effective relationship appears between the factors and a statistically significant linear regression based on the apparent p-value.

H3: The internal auditing activity exercises a positive influence on the effectiveness of digital risk management by mediating the internal control system in banks registered on the Palestine exchange.

The researchers applied multiple linear regression analyses to examine the hypothesis:

Table 12. Analysis implementing multiple linear regressions of how internal auditing activity impacts the effectiveness of digital risk management by mediating the internal control system.

Factor	R	R Square	F Value	Sig
<i>internal auditing activity, internal control system</i>	44%	19.4%	6.603	0.003

Table No. (12) It shows up that the relationship between the internal audit activity and the effectiveness of digital risk management by mediating the internal control system amounts to (44%) in the case of the existence of the mediating factor, the internal control system, and this percentage is higher than the percentage that was in the absence of the mediating factor, and it appears that the independent factor was able to explain (19%) in The variation that happen to the dependent factor, while (81%) of the changes are due to other factors, and the relationship between them represent a statistically significant relationship.

The researchers believe that this result is inevitable, given that the boards of directors in banks are very interested in internal control systems as the core of corporate governance and procedures that reduce digital risks and one of the strategies of banks in managing digital risks.

Table 13. Analyzing factors using multiple linear regression to estimate their relationship:

Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
<i>(Constant)</i>	2.091	.579		3.611	.001
<i>Internal auditing activity</i>	.247	.164	.213	1.506	.138
<i>Internal control system</i>	.266	.129	.291	2.065	.044

a. Dependent Factor: E.DRM

The regression line equation can be used to summarize the value of the internal auditing activity's correlation coefficient with the internal control system, as illustrated in Table (13):

$$E.DRM= 2.091 + 0.247 \text{ Internal audit activity} + 0.266 \text{ internal control system}+ e$$

Moreover, it is showing the sign of the regression coefficients is positive, which indicates the existence of a direct relationship between the internal audit activity and the effectiveness of digital risk management by mediating the internal control system in the banks registered on the Palestine Exchange. In the internal control system in the banks registered on the Palestine Exchange, it showed that the mediation of the internal control system is total due to the higher regression coefficients than in the case of not mediating the internal control system.

5. Conclusion and Recommendations:

Based on results statistical analysis the study shows effectiveness of digital risk management in banks registered on the Palestine exchange was significance positively impacted by internal auditing activity, this result was like the studies [3], [4],[6], [8], At the same time, in banks registered on the Palestine Exchange, assurance audit services had a significant effect on the efficacy of digital risk management in it. [14], in addition Consulting audit services made digital risk management in banks that are registered on the Palestine exchange extra effective, As revealed the internal auditing activity had a positive impact on the internal control system in banks that are registered on the Palestine exchange, this result was like to the study [7]. Moreover, internal auditing activity had a positive impact on the effectiveness of digital risk management by mediating the internal control system in banks that are registered on the Palestine exchange, and banks listing on the Palestine Exchange do have high level of digital risk management efficacy, in addition it illustrated that the most influential internal auditing activity operations on the effectiveness of digital risk management is (The internal audit should evaluate the efficiency and effectiveness of digital risk management processes.), followed by the factor, (the internal audit should alert the bank's senior management of increased risks) [15].

Accordingly, the study significantly improves theoretical and empirical knowledge on how internal auditing activity affects how effectively banks in Palestine and other countries manage digital risk. The findings of the study may aid in improving the readiness of bank practitioners and auditors to understand the elements and guiding principles of internal auditing activity and effectiveness as well as to establish and implement these principles inside their respective banks. When developing the Palestinian Banks' strategy, internal auditing activities, structures, and digital risk management should be given careful consideration as a significant source of bank value. The process of developing a strategy can be improved by completely incorporating management practices with their indicators. To improve their performance, Palestinian Banks should coordinate various perspectives, internal auditing principles, and digital risk management, and should provide grades for each of these perspectives.

Ultimately, this study may suffer from certain limitations, and the results may be interpreted subject to limitations. The findings are derived from a cross-section survey and one country. If the survey is extended to other periods and countries, perhaps the findings may change subtly. In addition, there could be the choice of the selection of influencing factors in the model based on a specific stream of the literature; other literature may also suggest some other variables for investigation. All efforts were made to improve the response rate, still there could represent a tendency among the respondents to underplay in responding or remain neutral on certain questions, because they may consider them either confidential or sensitive.

Based on these findings, The following is proposed by the researchers:

1. The directors boards of banks must review digital risk management methods and strengthen and reinforce the risk-based internal audit.
2. There is a need to increase attention to internal audit activity and activate its role to ensure the independence, objectivity, efficiency, and effectiveness of its operations because of its beneficial impact in supporting digital risk management.
3. The necessity of continuing work to enhance the skills and knowledge of internal auditors by intensifying and diversifying courses related to digital risk management in banks to provide them with renewed skills in these subjects.
4. Supporting the Monetary Authority to the internal audit departments in adopting a unified methodology and adhering to appropriate standards to upgrade the role of internal auditing in Palestinian banks.

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