

The Effect of Interest Rate Changes on Exchange Rate in Egypt (An Applied Study)

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Abstract

This study aims to measure the impact of interest rates on deposits on the exchange rate and measure the effect of interest rates on loans on the exchange rate. The first hypothesis states that interest rates on deposits don't affect on exchange rate. The second hypothesis states interest rates on loans don't affect the exchange rate, The researcher will be relying on a combination of inductive and deductive approaches to carry out two types of study as follows: **An Analytical study** through the analysis of books, periodicals, theses related to interest rate and exchange rate. **An applied study**, The study period has been applied to the monthly weighted average interest rate on loans and deposits and the monthly weighted average exchange rate in Egypt for the period from January 1, 2021, to March 31, 2022) relying on the Excel program to prepare data. **The results of the statistical study to test the first hypothesis show:** a weak positive relationship between the independent variable (Weighted Average Interest Rates deposits) and the dependent variable (exchange rate). The higher the Interest Rates deposits, the higher the value of the exchange rate. **The results of the statistical study to test the second hypothesis show:** a positive relationship between the independent variable (Interest Rates on loans) and the dependent variable (exchange rate). The higher the Interest Rates on loans, the higher the value of the exchange rate.

Key Words: Interest rate on deposits, Interest rate on loans, Exchange Rate

1. Introduction

In an era of floating exchange rate regimes and independent central banks that focus on price stability, exchange rates have lost their priority in economic policy decisions. Meanwhile, the debate about the importance of considering exchange rate movements in an open economy continues to evolve. On the one hand, the impact of monetary policy on the value of the national currency is inexorable, since exchange rates continue to be a substantial component of the transmission mechanism and the factor that reflects the differences between countries in interest rates parity. of interest rates (Hashchyshyn, 2020)

Fluctuations in market interest rates affect the market values of assets which always have a significant impact on the performance of financial institutions. Therefore, the creation of funding policies for liquidity and incentives that encourage positive behavior with respect to the behavior of banks of bank deposits is increasingly important. Identifying the factors that cause banking crises is also vital. The failure of these policies and incentives leads to a wave of capital flight, thus depositors rush to withdraw their deposits in a state of panic. Deposit behaviors are typically driven by a wide range of potential shocks in advance, where the rates of these influences affect the behavior of deposits whose behaviors are interrelated, both in terms of balances and fees paid (Mohamed, Lashin, & Mohamed, 2022).

On the other hand, large deviations from PPPs in the short and long term, caused by policies aimed at stabilizing exchange rates, are undesirable for the economy. Therefore, it is crucial for central banks striving to make prudent and justifiable decisions to understand the magnitude of the impact of monetary policy tools, in particular the policy rate, on subsequent exchange rate movements. . Although the impact of currency appreciation resulting from rising domestic interest rates has a strong theoretical basis, making decisions based solely on theoretical grounds is unsustainable. This is primarily due to a large number of country-specific factors that could affect the relationship between interest rates and exchange rates, rendering this relationship economically and statistically insignificant (Hashchyshyn, 2020).

Inflation targeting involves moving from a fixed exchange rate regime to a flexible exchange rate regime, a change in regime that represents a benefit for stability since the peg of the exchange rate can cause severe currency crises. and deep. Yet the floating of the exchange rate has increased the need for central banks to control, in some way, the relative price of the national currency so as not to face the inverse problem of dangerous deep depreciations or appreciations. This is why, in recent years, central banks have accumulated foreign exchange reserves to protect the economy against sudden shocks and to protect the local currency by improving their reputation (Capasso, Napolitano, & Viveros Jiménez, 2019)

Real exchange rates in developing countries appear to be more sensitive to changes in reserve assets. The control of the exchange rate by reserves will influence the long-term interest rate.

In fact, the increase in reserves, together with the impact on the relative price of the national

currency, influences the inflation rate and, in turn, the interest rate. Thus, under inflation targeting and a flexible exchange rate regime, although central banks continue to control interest rates in the short term, one might observe in the long term that this is the exchange rate that influences the interest rate, and that this inverse causality is stronger in emerging economies. Contrary to interest rate parity theory, (Mántey, 2011) argues that in developing countries, central banks usually raise interest rates to contain the effects of local currency depreciation on the 'inflation. This implies that it is ultimately the exchange rate that determines the interest rate, and not vice versa (Capasso, Napolitano, & Viveros Jiménez, 2019).

The authors concluded that although monetary policy can have important effects on exchange rate movements, it takes a long time for these effects to be observed in real data. Argue that while contractionary monetary policy shocks lead to currency appreciation, persistent changes in the real exchange rate call into question the short-term nature of the adjustment, as predicted by the exchange rate peg interest. Although it may seem that developed financial markets are helping to accelerate exchange rate adjustment, the results are generally mixed, even for developed economies (Hashchyshyn, 2020).

The world is currently facing accelerated developments related to the emerging Corona virus epidemic (Covid 19), and countries around the world are collectively seeking to take precautionary and preventative measures to limit the spread of the virus and mitigate its effects, and perhaps the most important of these measures to limit its spread is to avoid direct contact and convergence between humans to the greatest extent possible and quarantine applications, including an almost complete cessation of trade, banking and travel. These and other measures on their importance have impacted the business environment in all countries of the region, which necessitated many professional organizations and international companies to measure and study the global financial impact of this virus on the economies of these countries.

Recently, unique events of its kind appeared among the countries of the world, beginning with the developed world passing through the developing countries and continuing to spread and spread among the rest of the world as a whole. The coronavirus epidemic called COVID-19 has disrupted the Chinese economy and is spreading worldwide. The evolution of the disease and its economic impact are very uncertain, making it difficult now for policy makers to measure its effect on the continuity of firms.

Commercial and consequently investment worldwide, and it is the Republic of China, where a virus has emerged that has spread among the countries of the world and affected the economies of countries, beginning with global financial markets in all countries and the circulation of shares and documents and investment in the global stock exchange, and even to small projects with limited income.

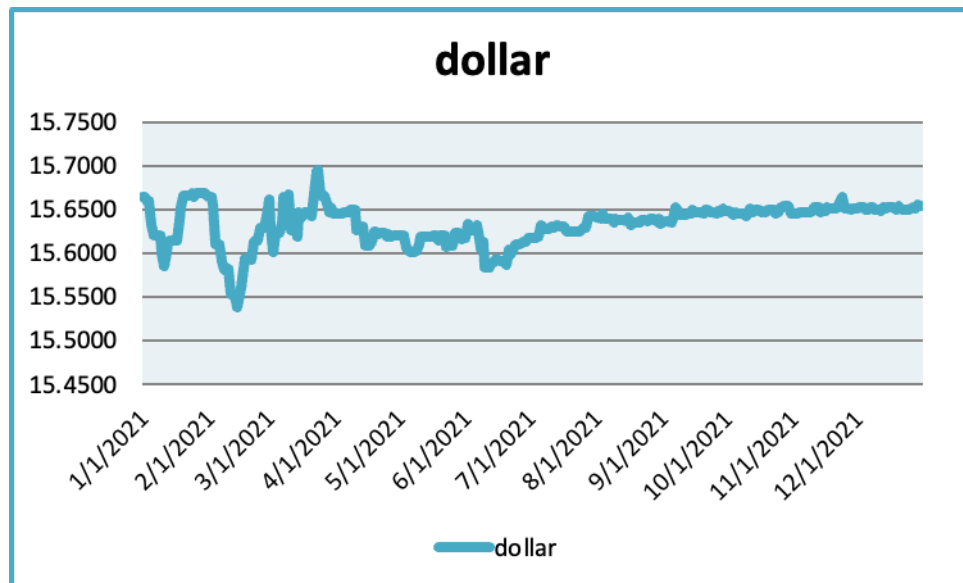
Threats posed by the coronavirus epidemic do not stop. More countries have imposed travel bans on millions of people and more people in more locations are placed with quarantine measures. Businesses do business with revenue losses and disrupted supply chains. Disruption of

global supply chains due to factory closures has already revealed the vulnerabilities of many organizations. The epidemic has also led to significant volatility financial and commodity markets around the world.

There are already signs that the virus has had a significant impact on the global economy. Various governments announced measures to provide financial and non-financial resources assistance to disrupted industrial sectors and affected companies.

Thus, Egyptian economic also show the increasing of currency exchange between Egyptian bound with US Dollar. As report by Egyptian Stock Exchange during outbreak of COVID-19 in Egypt on (March, 2020), therefore, government should take a serious action in order to avoid the economic recession. Thus, it is important to investigate the impact of COVID-19 into currency exchange rate between US dollar (USD) and Egyptian bound.

We need to invest much more in public health and development in the richest countries, but also and especially in the poorest countries. Unfortunately, politicians continue to ignore the scientific evidence of the role of public health in improving quality of life and as a driver of economic growth. (Alber, 2020)



Figures (1) currency exchange rate from 1/1/2021 till 12/31/2021

Source: by researchers depending on data from the Central Bank of Egypt

2. The Literature Review

Study of (Capasso, Napolitano, & Viveros Jiménez, 2019) analyze the long-term nature of the interrelation between the interest rate and the exchange rate. Design/ methodology/ approach – Using Mexican data, the authors estimate a nonlinear autoregressive distributed lag (NARDL) model to study the nature of changes and the interaction between the interest rate and the exchange rate in response to measures of the monetary authorities. The results show that,

contrary to simplistic predictions, the real exchange rate causes the real interest rate asymmetrically. The bounds testing approach of the NARDL models suggests the presence of co-integration between the variables and exchange rate changes appear to have significant long-term effects on the interest rate. More importantly, these effects are asymmetric and positive changes in the exchange rate have a smaller impact on the interest rate. It is also worth noting that the converse is not true: the long-term interest rate does not have a statistically significant impact on the exchange rate.

Study of (Vurur, 2020) titled the Relationship between Interest Rates, Exchange Rate and Investor Sentiment in Turkey", Investor sentiment in financial markets has a close relationship with the general mood dominating in the environment such as economic, social and political life. Future economic expectations are important for both investors and policymakers. Investor confidence and macroeconomic variables are likely to affect each other. Emerging countries are particularly sensitive to interest and currency risks. Turkey is an important emerging country. The effects of interest rate and exchange rate fluctuations are high in Canada. The aim of this study is to reveal the relationship between investor sentiment and interest and foreign exchange rates in Turkey. Methodology: This study examines the relationship between economic confidence index, exchange rates and interest rates in Turkey over the period from January 2012 to November 2019 using monthly datasets. The Economic Confidence Index is used to represent investor sentiment in the study. Interest rate variables are deposit interest rates and trade credit interest rates. The representative of monetary variables in US dollars is included in the analysis. This chapter used the time series vector error correction model approach of stationarity test, integration test and Granger causality test.

Study of (Hashchyshyn, 2020) Understanding the effect of the increase in the policy rate on the national currency exchange rate remains one of the most critical questions for central banks. The aim of this study is to infer the signs and magnitude of this impact from existing studies conducted in 30 countries and to aggregate the estimates by applying meta-analysis. The results indicate that the short-term impact of changes in interest rates on the exchange rate is positive and statistically significant, although the economic significance is small, while the long-term relationship is found to be insignificant. The studies analyzed show no publication bias, which contributes to the validity of the empirical findings. The results received conclude that there could be a short-term appreciation of the hryvnia in response to an increase in the key interest rate in Ukraine. Conclude that there is a truly positive and statistically significant short-term effect of rising interest rates on the exchange rate. Although both economic and statistically significant in the short term, the effect is rather ambiguous in the long term, having a mostly insignificant interconnection with interest rates.

(Alber, 2020): investigate the effects of Coronavirus spread on stock markets. Coronavirus spread has been measured by cumulative cases, new cases, cumulative deaths and new deaths. This has been applied on the worst 6 countries (according to number of cumulative

cases), on daily basis over the period from March 1, 2020 till April 10, 2020. Coronavirus spread has been measured by numbers per million of population, while stock market return is measured by Δ in stock market index. Results indicate that stock market return seems to be sensitive to Coronavirus cases more than deaths, and to Coronavirus cumulative indicators more than new ones. Besides, robustness check confirms the negative effect of Coronavirus spread on stock market return for China, France, Germany and Spain. However, these effects haven't been confirmed for Italy and United States.

(Abu Bakar & Rosbi, 2020) study the effect of Coronavirus diseases (COVID-19) on the equity market index and currency exchange rate. This pandemic creates unstable economic environment and unbalance financial situation in worldwide because many economic activities are ceased down. The important of this finding will help government body to understand the current condition during coronavirus disease 2019 (COVID-19) outbreak. In addition, the findings will assist policy makers to develop solution in stabilizing economic situation in COVID-19 outbreak. In the same time, this study helps investors to monitor the equity market to develop investment portfolio to gain better return and reducing loss.

Study of (Kartikaningsih, Sari, & Waspada, 2021) titled The Analysis of Exchange Rate Factors and Interest Rate on Stock Price of Pharmaceutical Companies in Indonesia "This study aims to determine the effect of Indonesia's exchange rate and interest rate on the stock prices of pharmaceutical companies in Indonesia. This research used secondary data from pharmaceutical companies listed on the Stock Exchange from July 2019 to May 2020. The population and samples for this study were state-owned pharmaceutical companies listed on the Indonesia Stock Exchange. The research period was 12 months, from July 1, 2019 to May 31, 2020. Data collection for this study took into account the global economic situation and Indonesia, which was weakening due to the disaster caused by COVID-19, and, given the phenomenon, the pharmaceutical industry would reap profits in the context of the COVID-19 pandemic. This research used multiple linear regression analysis aided by Eviews 9. The results showed that interest rates and exchange rates affected the stock prices of pharmaceutical companies in Indonesia. Recommendations from this study may help investors invest during the COVID-19 pandemic and, for future research, may extend the data collection period and add additional out-of-state pharmaceutical companies. Companies held and other macroeconomic factors such as inflation rates and gross domestic product.

The study of (Fang & Zhang, 2021) they assume that the COVID-19 pandemic exerts a time-varying asymmetric impact on the RMB exchange rate. Based on the Taylor rule model, we look at the RMB exchange rate fluctuations around the COVID-19 outbreak. We find that the RMB rate rose steadily before the outbreak, but fluctuated during the pandemic. This shows that the pandemic had a time-varying transitory impact on the RMB exchange rate.

The study of (Rakshit & Neog, 2021): The purpose of this paper is to investigate the effects of exchange rate volatility, oil price return and COVID-19 cases on the stock market

returns and volatility for selected emerging market economies. Additionally, this study compares the market performance in the emerging economies during the COVID-19 pandemic with the pre-COVID and global financial crisis (GFC) period.

The authors apply the arbitrage pricing theory to model the risk-return relationship between the risk-based factors (exchange rate volatility and COVID-19 cases) and stock market returns. By applying the exponential generalized autoregressive conditional heteroskedasticity model, the study captures the asymmetric volatility spillover from the stock markets to foreign exchange markets and vice versa.

Findings reveal that exchange rate volatility exerts a negative and significant effect on the market returns in Brazil (BOVESPA), Chile (S&P CLX IPSA), India (SENSEX), Mexico (S&P BMV IPC) and Russia (MOEX) during the coronavirus pandemic. Regarding the effect of oil price returns, the authors find a positive relationship between oil price and stock market returns across all the economies in the study. The market returns of Russia, India, Brazil and Peru appeared more volatile during the pandemic than the GFC period.

The study of (Holcman & Prostejovská, 2022): This article discusses the relationship between the residential housing price index and stock markets at the time of the coronavirus pandemic in 2020. The research focuses mainly on the real estate market in the Czech Republic and the evolution of the Prague Stock Exchange index the period from 2007 to the end of 2020 is monitored. The subject of the examination is not the evaluation of the severity or the type of crisis, but only the evolution of markets and their shocks. The house price index (HPI) and stock indices are used for consistent analysis. To find a broader context, the mortgage interest rate and the unemployment rate are used. Using the correlation and analysis of implemented government measures, the basic conditions for the development of indices and measures are sought. Government measures are not only aimed at local conditions, but often also affect cooperation at the international level. The objective is to assess the degree of dependence of the evolution of the real estate and stock markets on the measures implemented to mitigate the effects of the crisis. The reason is also the fact that there are many common variables (negotiable, local and international investors, etc.).

The outbreak of COVID-19 is hence deduced to have a negative impact on the Ghana stock exchange. However, the knowledge of how the market has been affected by the disease, it is important that financial risk mitigation studies be undertaken. This goes beyond what this study has done. The study can further be expanded to include other important economic variables such as GDP, inflation, exchange rates and the likes in to the model.

After reviewing all previous studies researcher concluded that: -

- The scarcity of research conducted in The Impact of interest rate on Exchange Rate in Arab Republic of Egypt (An applied study)
- Most studies have focused on economic and financial effects of interest rate in general without focusing on its effects on currency exchange rate in particular

3. Research problem and questions

The research problem can be summarized on the following questions: -

- 1- Does interest rate on deposits effect on currency exchange rate?
- 2- Does interest rate on loans effect on currency exchange rate?

4. Research objective

The main objective of this study is to measure the effect of interest rate on deposits on exchange rate and measure the effect of interest rate on loans on exchange rate

5. Research hypotheses

From previous researches on interest rate and exchange rate, the study hypotheses are:-

First hypothesis: interest rate on deposits don't effect on exchange rate.

Second hypothesis: interest rate on loans don't effect on exchange rate.

6. Research Methodology

The researcher will be relying on a combination of inductive and deductive approaches to carry out two types of study are as follows:

A- **An Analytical study:** - through the analysis of books, periodicals, theses related to interest rate and exchange rate.

B- **An applied study:** - The study period has been applied on monthly weighted average interest rate on loans and deposits and monthly weighted average exchange rate in Egypt for the period from January 1, 2021 till march 31, 2022) relying on the Excel program to prepare data and using (SPSS) in order to make a statistical analysis for the applied study data.:

7. Measuring Variables and Developing Hypotheses

Interest rate on loans and deposits has been measured by “monthly weighted average basis... The dependent variable reflects the exchange rate that has been measured by monthly weighted average.

The following table represents research variables.

Table (1): Research variables	Calculation	Sig
Exchange Rate**	Monthly weighted average	ER
Interest rate on deposits **	Monthly weighted average	IRD
Interest rate on loans **	Monthly weighted average	IRL

Source: by researchers

(A)Analyzing Characteristics of the Sample

The descriptive Statistics that provide information on the characteristics of data used in the analysis in order to determine the attributes(mean, Std. Dev. and Std. Error Mean). This is also evident from the following figures and tables as following:-

Descriptive statistics for the independent variables (Weighted Average Interest Rates deposits and loans)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Weighted Average Interest Rates deposits	15	7.50	8.30	7.7333	.23805
Weighted Average Interest Rates loans	15	9.30	9.70	9.4533	.11255
Valid N (listwise)	15				

Source: Data processing output using SPSS v.26

It is clear that the average number of Interest Rates on deposits in the period from 1/1/2021 to 31/3/2022 is 7.7333. the highest value it reached during the period is 8.30 and the lowest value it reached during the period is 7.50 with a standard deviation of .23805 (Standard deviation (abbreviated as “Std Dev” or” SD”) provides an indication of how far the values vary or deviate from its means. SD can be used as an indicator that determine how spread out the values this will help to identify whether they are concentrated around the mean)

It is clear that the average number of Interest Rates on loans in the period from 1/1/2021 to 31/3/2022 is 9.4533. the highest value it reached during the period is 9.70 and the lowest value it reached during the period is 9.30 with a standard deviation of .11255 (Standard deviation (abbreviated as “Std Dev” or” SD”) provides an indication of how far the values vary or deviate from its means. SD can be used as an indicator that determine how spread out the values this will help to identify whether they are concentrated around the mean)

Descriptive statistics for the dependent variable (Exchange Rate, Dollar)

Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
Weighted Average Exchange Rates	15	9.69	13.31	11.3465	.86219
Valid N (listwise)	15				

Source: Data processing output using SPSS v.26

It is clear that the average number of exchange Rates on loans in the period from 1/1/2021 to 31/3/2022 is 11.3465. the highest value it reached during the period is 13.31 and the lowest value it reached during the period is 9.69 with a standard deviation of .86219 (Standard deviation (abbreviated as “Std Dev” or” SD”) provides an indication of how far the values vary or deviate from its means. SD can be used as an indicator that determine how spread out the values this will help to identify whether they are concentrated around the mean)

(B)Analysis and testing of data related to the first hypothesis

H₀: there is no statistically significant relationship between interest rate on deposits and exchange rate.

H₁: there is statistically significant relationship between interest rate on deposits and exchange rate

To test this hypotheses using simple linear regression

Table (2) Results of the simple linear regression analysis between (interest rate on deposits) and (Exchange Rate)

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.253 ^a	.064	-.008	.86564

a. Predictors: (Constant), Weighted Average Interest Rates deposits

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.666	1	.666	.889	.363 ^b
	Residual	9.741	13	.749		
	Total	10.407	14			

a. Dependent Variable: Weighted Average Exchange Rates

b. Predictors: (Constant), Weighted Average Interest Rates deposits

Independent variables significance

Explanatory power of the model or the value of coefficient of determination (**R-squared 0.064**) means that the independent variables included in the model (Interest Rates deposits) explain almost(6%) from the variance in the dependent variable (exchange rate) .

Correlations

		Weighted Average Interest Rates deposits	Weighted Average Exchange Rates
Weighted Average Interest Rates deposits	Pearson Correlation	1	.253
	Sig. (2-tailed)		.363
	N	15	15
Weighted Average Exchange Rates	Pearson Correlation	.253	1
	Sig. (2-tailed)	.363	
	N	15	15

Source: Data processing output using SPSS v.26

The correlation coefficient =.253, indicating a weak positive relationship between the independent variable (Weighted Average Interest Rates deposits) and the dependent variable (exchange rate).The higher Interest Rates deposits, the higher the value of exchange rate.

F-Test results indicates that the effect of the independent variable on the dependent variable is non-significant, because the level of significance= 0.363 is greater than (. 05 level of significance).

According to the previously mentioned results the researcher accept the null hypothesis " there is no statistically significant relationship between interest rate on deposits and exchange rate." and the alternative hypothesis "there is statistically significant relationship between interest rate on deposits and exchange rate is rejected.

(C) Analysis and testing of data related to the second hypothesis

H₀: there is no statistically significant relationship between interest rate on loans and exchange rate

H₁: there is statistically significant relationship between interest rate on loans and exchange rate.

To test this hypotheses using simple linear regression

Table (3) Results of the simple linear regression analysis between interest rate on loans and exchange rate

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.374 ^a	.140	.074	.82979

a. Predictors: (Constant), Weighted Average Interest Rates loans

ANOVA^a

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	1.456	1	1.456	2.115	.170 ^b
	Residual	8.951	13	.689		
	Total	10.407	14			

a. Dependent Variable: Weighted Average Exchange Rates

b. Predictors: (Constant), Weighted Average Interest Rates loans

Independent variables significance

Explanatory power of the model or the value of coefficient of determination (R-squared 0.140) means that the independent variables included in the model (Interest Rates loans) explain almost (14%) from the variance in the dependent variable (exchange rate) .

Correlations

		Weighted Average Interest Rates loans	Weighted Average Exchange Rates
Weighted Average Interest Rates loans	Pearson Correlation	1	.374
	Sig. (2-tailed)		.170
	N	15	15
Weighted Average Exchange Rates	Pearson Correlation	.374	1
	Sig. (2-tailed)	.170	
	N	15	15

Source: Data processing output using SPSS v.26

The correlation coefficient =.374, indicating a positive relationship between the independent variable (Interest Rates on loans) and the dependent variable (exchange rate).The higher Interest Rates on loans, the higher the value of exchange rate.

F-Test results indicates that the effect of the independent variable on the dependent variable is significant, because the level of significance= .170 is greater than (.05 level of significance).

According to the previously mentioned results the researcher accepts the null hypothesis "there is no statistically significant relationship between interest rate on loans and exchange rate and the alternative hypothesis " there is statistically significant relationship between interest rate on loans and exchange rate" is rejected.

(D) Summary of Hypothesis Tests:

- **Accepting the null hypothesis of the first hypothesis**" there is no statistically significant relationship between interest rate on deposits and exchange rate".

- **Rejecting the alternative hypothesis of the first hypothesis**"there is statistically significant relationship between interest rate on deposits and exchange rate

- **Accepting the null hypothesis of the second hypothesis**" there is no statistically significant relationship between interest rate on loans and exchange rate

- **Rejecting the alternative hypothesis of the second hypothesis**" there is statistically significant relationship between interest rate on loans and exchange rate

8. Summary and Concluded Remarks

The applied study and its conclusions are consistent with the theoretical study that the interest rate effect on Exchange Rate Changes in Arab Republic of Egypt

After discussion of the theoretical and applied aspects in this research, the researcher reached to important findings for both theoretical and practical fields to investigate the effects of interest rate on exchange rate. Interest rate has been measured by weighted average of interest rate of loans and deposits . This has been applied on Egypt, on daily basis over the period from 1/1/2021 till 31/3/2022 .

Accordingly, to the previously mentioned results we accept the null hypothesis of both hypotheses there is no statistically significant relationship between interest rate on deposits and exchange rate and accepting the null hypothesis of the second hypothesis there is no statistically significant relationship between interest rate on loans and exchange rate

Accordingly, to the previously mentioned results we reject the alternative hypothesis of both hypotheses there is statistically significant relationship between interest rate on deposits and exchange rate and there is statistically significant relationship between interest rate on loans and exchange rate

Investor sentiment in financial markets is closely related to the general mood in the environment, such as economic, social and political life. Future economic expectations are important for both investors and policymakers. Investor confidence and macroeconomic variables are likely to affect each other. Emerging countries are particularly sensitive to interest and currency risks. The effects of interest rate and exchange rate fluctuations are high in

Canada. The objective of this study is to reveal the relationship between changes in interest rates on exchange rates in Egypt.

9. Recommendations

Based on the results of the study, the researcher suggests the following recommendations:-

- 1- Training programs should be design and implemented to qualify accountants on applying the digital transformation mechanisms and to keep up to deal with new developments and interest rate changes.
- 2- Using new laws and legislation to overcome the consequences monetary polices changes
- 3- Continuous revision of Mechanisms of digital transformation and their use in all corporate activities in light of epidemics.
- 4- Developing different digital transformation and stock market courses to include all items studied and discussed in this study.
- 5-Conducting more academic research on interest rate and its effect on financial reports user's decisions.

10. Future studies and Orientations

Based on the results and recommendations of this study, the researcher suggests the following future studies:-

- 1-Studying the relationship between the inflation rate and the exchange rate
- 2- The effect of digital transformation on stock market activities
- 3- The effect of interest rate changes on the quality of disclosure in financial reports
- 5- The effect of interest rate changes on small and medium-sized companies

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