

Implications of E-banking in Entrepreneurial Marketing

—Case From Albania

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The goal of this article is to determine the spread and use of e-banking technology in Albanian banks, to see the help and advantages that this service provides to the banks and to the customers, and of course to determine if our banking system is actually in the Internet era. In the last decade we notice that banks pay a growing attention to their marketing services and in particular to the use of the latest technologies for their promotions. The use of the Internet has influenced in the fact that customers now are closer to their banks, their number has increased, and of course through the Internet we have a more efficient exchange of products and services. A questionnaire was developed to help us understand the internet banking acceptance in Albania and other issues related to it. The questionnaire survey was conducted on 9 banks operating in Albania and from the evaluation of the collected data results that all banks that underwent questionnaire, have a separate marketing department. So marketing has an important role in the banking business. The importance of marketing rose by increased interbank competition in recent years. Crisis and economic and financial difficulties have shown that banks, which face these difficult periods, have been those which had not only a healthy bank policy, but also a strong commercial policy. These things depend on many factors, among which we can mention: the tradition, which has taught people to trust “their financial secrets” only to someone who exercises the profession of banker; the cultural and infrastructural level of development of the population, which gives approval and insures the continuousness of any discovery or development in various fields; the ability of this kind of banking to be successful, that is and remains the basis on which to establish a trustful cooperation relationship of any kind. Strong policies to e-marketing have targeted to increase the percentage of elements such as banking and credit granting. E-banking also consists of counseling online with a bank employee or financial advisor. This kind of service is not only effective for the client, who saves his time, but also more economical for the bank, which reduces its costs in human resources (an adviser to the window only deals with a client, while he can handle online more than two credit cases simultaneously, so we decrease the number of employees in general). With its low-cost structure, direct consumer marketing and innovative services, the internet is going to present a real challenge to traditional forms of banking. E-banking is seen from the banks as an opportunity to create competitive advantage over its competitors. It offers a great deal of advantages both to the banks and to the customers. Clients are becoming more and more demanding and they are expecting even higher levels of service from their banks.

Keywords: e-banking, entrepreneurship, marketing, management

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Introduction

Who would have thought not many years before, that a day you would conduct financial activities in a bank, that you see and touch only through a computer? Well, today is a reality!

Revolutionary developments in marketing, information and communications technology continue to transform the banking and financial industry (Jones, 2004). Distribution of banking services through the Internet is an important part of this transformation.

The road that leads from traditional banks, we all know, to virtual banks, which have no real banking infrastructure, or no physical sportels, passes through internet banking. Today it is possible to connect from your home or office, with your personal bank account to check its condition, and you can also perform payment transactions.

This new channel for delivering banking services enables overcoming schedules, saves time and removes the queues of people and the bureaucratic aspects of traditional banking.

What's the scale of development of this kind of banking nowadays and what are the future expectations? What is the popularity of e-banking in the world today and do the Albanian banks follow the same development steps and direction of other banks?

These things depend on many factors, among which we can mention: The tradition, which has taught people to trust "their financial secrets" only to someone who exercises the profession of banker; The cultural and infrastructural level of development of the population, which gives approval and insures the continuousness of any discovery or development in various fields; The ability of this kind of banking to be successful, that is and remains the basis on which to establish a trustful cooperation relationship of any kind.

Literature Review

Nowadays all banks are present on World Wide Web through an official page, to inform the public and partners about the bank products and services. However, internet banking goes a step further, as it allow customers to enter via the Internet, to their accounts on-line, 24 hours a day, 7 days a week, directly from their homes or offices and to perform almost the whole banking activities, which generally are carried out in a real bank (transfer between different accounts, bill payment, etc.).

In other words, we can define internet banking as a remote service, offered through electronic channels, for promoting and using banking services (traditional and new services) and products (Lichtenthal & Eliaz, 2003).

Many banks and other organizations are eager to use this channel to deliver their services because of its relatively lower delivery cost, higher sales and potential for offering greater convenience for customers. But this medium offers many more benefits, which will be discussed later through the analysis of the questionnaire (see Appendix).

Many people see the development of e-banking as a revolutionary development, but, broadly speaking, e-banking could be seen as another step in banking evolution (Borden, 2008). Just like ATMs, it gives consumers another medium for conducting their banking.

However, it should be noted that internet banking, at least at current stage, is not trying to replace all the traditional channels for distribution of banking products (but some banks, at international level, have removed at all from the bank sportels some of the services provided through the Internet). The fears that this channel will completely replace existing channels may not be realistic, and experience so far shows that the future is a

mixture of “clicks (e-banking) and mortar (branches)”. Although start-up costs for an internet banking channel can be high, it can quickly become profitable once a critical mass is achieved.

This channel stands with a range of other channels, such as traditional (windows subsidiaries) or those automatic (ATM, POS), in the context of completing and strengthening the relationship of client-bank, to realize the so-called multi-channel strategy. Understanding e-banking is important for several stakeholders, not least of which is management of banking related organizations, since it helps them to derive benefits from it. The internet as a channel for services delivery is fundamentally different from other channels such as branch networks, telephone banking or Automated Teller Machines (ATMs). Therefore, it brings up unique types of challenges and requires innovative solutions (Rindfleisch & Heide, 2007).

As we mentioned before, many banks and other organizations have already implemented or are planning to implement e-banking because of the numerous potential benefits associated with it (Kotler, 2009). Some of these major benefits are: choice and convenience for customers, attracting high value customers, enhanced image, increased revenues, easier expansion, load reduction on other channels, cost reduction, organizational efficiency, etc..

E-marketing in the financial services sector was made possible by the arrival of e-banking. E-marketing builds on the e-channel's ability to provide detailed data about customers' financial profiles and purchasing behavior. Detailed understanding of customers enables customized advertising, customized products and enrichment of the relationship with customers through such activities as cross selling.

The nature of financial products and the process of product/service development is changing rapidly due to the dynamic nature of online trade (Ranchlod, Zhou, & Tinson, 2009). Now it is possible to create so much flexibility in a product/service that customers can customize it, within pre-defined limits, to meet their exact needs. Advanced databases/data mining tools, internet cookies which provide detailed insights into a customer's behavior when they conduct their financial activities, and new communication technologies make it easy and cost-efficient to mass market personalized services, because the whole process of personalization can be automated.

E-banking relies heavily on information and communication technologies (ICT) to achieve its promise of 24 hours availability, low error rates, and quicker delivery of financial services (Graham, 1999). When considering e-banking, bank websites usually come to mind first, but e-banking requires much more than just a good website. It needs back end applications such as account systems, support applications such as customer relationship management (CRM) systems, communication technologies to link e-banking to the payment systems such as LINK, and middleware to integrate all these often different type of systems.

Data and Methodology

A questionnaire was developed to help us understand the internet banking acceptance in Albania and other issues related to it. The questionnaire survey was conducted on 9 banks operating in Albania and from the evaluation of the collected data results that all banks that underwent questionnaire, have a separate marketing department. So marketing has an important role in the banking business. The importance of marketing rose by increased interbank competition in recent years. Crisis and economic and financial difficulties have shown that banks, which have face these difficult periods, have been those which not only had a healthy bank policy, but also a strong commercial policy. Always on the basis of economic conjunction, banks try to gain credibility for their clients, so bank policies are oriented more and more to the customers and the most successful promotion

channel here in Albania remains the television (with about 78%), for a simpler perception (visual and hearing) of advertising messages that pass through this channel. This factor is also explained with the fact that television has an important role for the entertainment of families and individuals in general.

The internet, in Albania, still remains in low percents for promotion of products and services, compared to television, because not all segments of the population have access and can use it (about 22% the written press and internet) (Sevrani & Gorica, 2009).

Despite this, based on questionnaire responses, we received from banks operating in Albania, we see that they have built their websites mainly after 1999 (see Table 1). This year coincides with the beginning of the distribution of Internet for the mass, through telephone lines at home and through internet cafes. Before this date, the internet was generally concentrated in institutions, commercial firms, and rarely in schools and universities. After 1999, it has been noticed an increase in the number and in generations of people who use the internet. So, given the new internet age in Albania, we see that it is acquired soon as space for marketing (Sevrani, Gorica, Tolica, & Zoto, 2010). Once again, it is visible that the importance is given to marketing in the banking business and the tendency to extend it to all channels of communication.

Table 1

Beginning Year of Bank Websites in Albania

Bank	UBA	Intesa San Paolo	Emporiki	NBG	ProCredit	Popular Bank	Credins	BKT	Raiffeisen
Year	2000	1999	1999	2004	2005	2005	2003	2002	2004

The main obstacle faced by banks in the application of a marketing strategy through the internet is infrastructure. As we mentioned above, customers of banks that can have access to the internet aren't a lot in our country, and this is because the Internet is gaining importance only in recent years, and a huge part of potential clients of banks belong to an age group that has difficulty in using new technologies.

As in all other countries, we should be patient till this part of the population become friendly with new information technologies. At this stage of development, banks have the responsibility to give to their costumers, full information about their services.

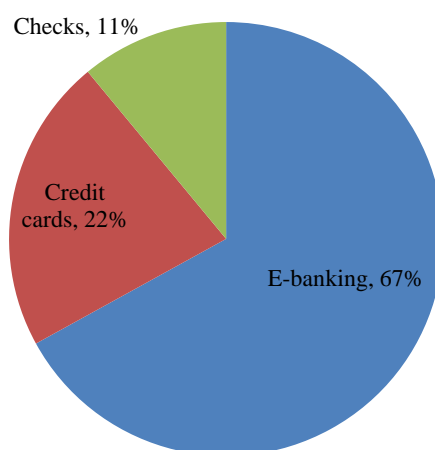


Figure 1. The latest technology used by banks in Albania.

Internet simplifies in saving time and enhances the quality of information, and also creates the possibility for comparing banking services between two or more banks. To make this comparison it takes only a few

moments. So, you just open banks' websites and read information, they are obliged to publish, like key indicators and other relevant information. It also exists search engines, which process the various data of different banks, in order to reveal a comparative result, which helps customers of banks in taking decisions about investments in a particular bank. For these reasons, most banks (about 78%) see the use of latest technology, as one of the main opportunities to create advantages over their competitors.

So, if we list the latest technologies most used by banks, the e-banking-technology takes the first place today at the rate 67%, then comes the use of credit cards at the rate 22% and the use of checks with 11% (see Figure 1).

We see that banks use the Internet not only to inform their clients or for marketing reasons, but it has become one of the main means of connection with customers and enables them making transactions in real time, online control of accounts, etc..

As the other channels of publicity in some cases have reached their maturities, or we can even say that they are saturated, e-banking is one of the new channels with a lot of potential. Banks operating in our country have started to apply e-banking service in these last two years, except Intesa San Paolo Bank, who offers this service since 2003 (see Table 2) (Ministry of Finance, Albania, 2009).

Table 2

Beginning Year of E-banking Service in Albania

Bank	UBA	Intesa San Paolo	Emporiki	NBG	ProCredit	Popular Bank	Credins	BKT	Raiffeisen
Year	2009	2003	2007	2008	2009	2009	2008	2008	2008

This late application can be explained by the importance of e-banking in the bank policy in general. So banks have preferred to take so long to develop this kind of strategy, because this kind of service, in principle simple to use, is very complex to put into operation. The difficulty comes from the preconditions (prerogatives) that banks have in the network security level. They should ensure a high protection and security for this service because with the development of Internet, the online piracy also experienced a significant boom. Online services should not only be simple and user-friendly, but they should convey a sense of security against the many risks we face online (card number theft, viruses, hackers, etc.).

If we consider the results from the questionnaire, we note that for most of the banks, e-banking services help them most to create and maintain relations with customers, and less to exchange products and create brand (creating confidence to clients).

However, studies have shown that the pressure of competition is the major force leading to increased use of internet banking technology, and after that comes respectively, reducing costs and increasing revenues. Banks consider internet banking as a way to keep existing clients, as well as to attract new clients to them (Coviello & McAuley, 1999).

Actually, the three basic types of internet banking in world markets are:

(1) Informative. This basic level of internet banking is to do mainly with marketing information about bank products and services and we see that in Albania, this is the most "consumed" service from the clients (about 50%).

(2) Communicative. The internet banking system allows some interactions between the customer and the bank system. Interaction is limited to sending emails, inspection of account, various applications of loans, or updates of the static files like changing the name or address. About 10% of customers in Albania use the loans service, while sending information via email, recently is becoming more and more demanding.

(3) Transactional. The third level of internet banking allows customers to perform transactions which involve accounts access, bills payment, funds transfer, etc.. From the survey responses received, it turns out that about 40% of clients, transfers funds through banks (see Figure 2).

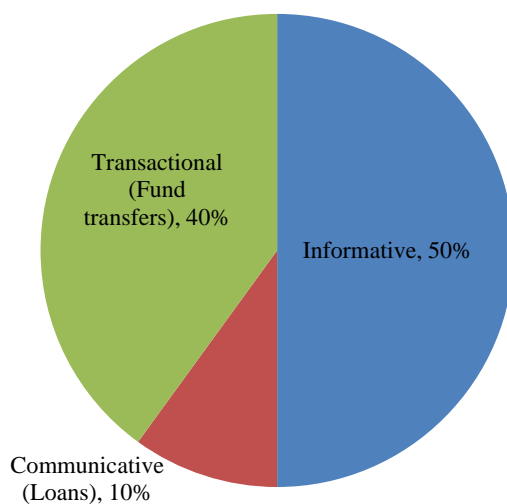


Figure 2. Most “consumed” service from customers.

Strong policies to e-marketing have targeted to increase the percentage of elements such as banking and credit granting. E-banking also consists of counseling online with a bank employee or financial advisor. This kind of service is not only effective for the client, who saves his time, but also more economical for the bank, which reduces its costs in human resources (an adviser to the window only deals with a client, while he can handle online more than two credit cases simultaneously, so we decrease the number of employees in general).

Today in Albania, over 66% of customers of banks use e-banking and less telephone and SMS banking. Reasons can be different. One of them is that e-banking and services offered through it, are more accessible and interactive. They are explained more clearly, with visual images and with more options than a SMS or a call (to speak with a bank employee in many cases you should expect “On Hold” for a few minutes).

Another important point is that e-banking compared to all other services, is the less expensive banking service. At most it is free. Banks in general, to stimulate this channel, exclude from the banking committee all the transactions committed online, or give to these users a greater competitive advantage compared to users who goes to bank offices.

To the question “What is the main reason that affects your customers to be suspicious of e-banking service?”, 33% of banks responded that the main obstacle faced by clients is a low level of transparency about this service and 22% lack of security that banks offer in this case.

As mentioned above marketing should work strongly in the direction of establishing credibility to clients. Banks should reflect, through the services offered online, that the transactions and actions made by e-banking are safe and protected from any virtual threat.

On the other hand, if we consider the banks’ difficulties in using e-banking service, we could say that for most of them, the main obstacle is the inefficient telecommunications infrastructure, and for some others is the difficulty in determining the potential users. This is because marketing and sales have an essential role in the survival of a financial institute, and therefore marketing actions become more and more aggressive.

From Table 3, we see that banks in Albania have begun to apply ATM services generally in the last 5-6 years, but considering the fact that the major part of the banks interviewed are relatively new in our country, we can say that most of banks have offered this service since the beginning.

Table 3

Begining Year of ATM Service in Albania

Bank	UBA	Intesa San Paolo	Emporiki	NBG	ProCredit	Popular Bank	Credins	BKT	Raiffeisen
Year	2007	1999	2008	2008	2004	2007	2006	2005	2004

Today, they have an average number over 56 ATMs across the country (see Figure 3). This number has premises to grow, according to the prospects of each bank to expand branches in the country.

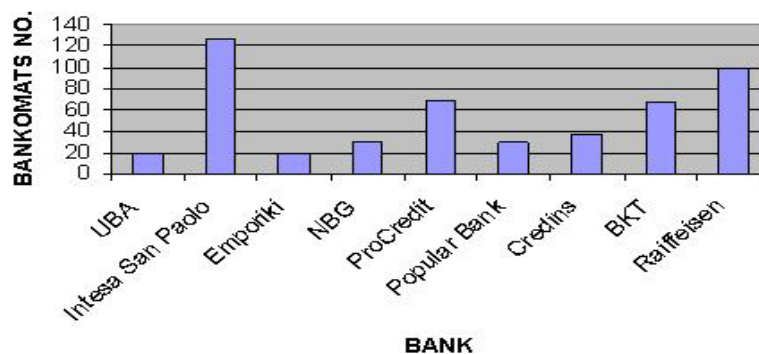


Figure 3. The bankomats number in Albania.

Conclusions and Further Implications

In developing our work we used the questionnaire as research method. This questionnaire survey was conducted to 9 banks operating in Albania. By administering this questionnaire on the sample population, we believed we could obtain effective information with the intention of receiving the views of financial institutions on a large scale, concerning how they use Internet technology benefits to distribute banking services. The method that we used to distribute the questionnaire was by sending e-mails that had the questionnaire attached for feedback. The advantage of this method is that it could be sent concurrently, ensuring that data collection is less time consuming. In addition, the confidentiality of the questionnaire makes respondents more comfortable in giving more detailed information and data. In the cases where we could not find the email of the banks, we went at the bank offices and met personally the specialized persons who could answer us, although it was a more time consuming method.

With its low-cost structure, direct consumer marketing and innovative services, the internet is going to present a real challenge to traditional forms of banking. E-banking is seen from the banks as an opportunity to create competitive advantage over its competitors. It offers a great deal of advantages both to the banks and to the customers. Clients are becoming more and more demanding and they are expecting even higher levels of service from their banks. On the other hand, Internet banks by offering ease of use, ease of access, choice and competitive pricing, add depth and breadth of functionality to meet the expanding needs of their diverse customer base.

But in order to profit from all the advantages of e-banking, the banks here should work in the direction of making the internet role to go further than just giving information, so to try to implement the three levels of e-banking. To achieve this, it is necessary to increase the number of services, offered through the Internet. Also, the promotion of these services should be increased, in order to decrease the uncertainty of customers

concerning their accounts access through the Internet.

It is notoriously difficult to predict the future, but some educated guesses can be made using past and current experiences. In our view, the next developments in e-banking will involve new products and services that were not feasible in traditional banking models. This could involve enabling instant payments using mobile devices, or tools to help people manage their multi-bank financial portfolio, simultaneously. Internet only banking may also become more viable as the functionality of e-banking systems grows, and customers adapt to the new ways of conducting their financial activities. International banking might become a reality for ordinary consumers as banking payments systems are increasingly harmonized across borders.

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Appendix: Questionnaire

- (1) Is there a specific Marketing Department in your administrative structure for marketing research and development?
A-YES
B-NO
- (2) What's the most efficient tool for the promotion of your services:
A-press
B-radio
C-TV
D-internet
- (3) How long is that your bank has an official website?
- (4) What is the main obstacle that your bank has encountered in creating and developing a marketing strategy through the Internet?

- (5) Do you see the use of latest technology as a key advantage over the referral competitors?
 A-YES
 B-NO
- (6) Which of the latest technologies is the most used by your bank?
 A-Check
 B-Credit Card
 C-E-banking
 D-Other Options ()
- (7) In what year your bank added the e-banking service for your customers?
- (8) This service helps you more in:
 A-Creating relationships with customers
 B-Exchange of ideas and products
 C-Creating your brand
 D-Cooperating with various organizations
- (9) Which are the most "consumed" services from your clients, through the mentioned technology?
 A-Information
 B-Checking the balance
 C-Transfers of funds
 D-Credits
 E-Counseling services
- (10) Which of these banking types, your customers can actually use?
 A-PC banking
 B-Telephone banking (call center)
 C-SMS banking
 D-TV banking
 E-E-banking
- (11) Which is the main reason that affects your customers to be suspicious of e-banking service?
 A-The security level that you provide about this service
 B-The transparency with your customers, on the costs of this service
 C-Other options
- (12) What are the obstacles that banks face in using e-banking service?
 A-The cost-benefit report
 B-The difficulty in determining the potential customers
 C-The inefficient telecommunication infrastructure
- (13) Does this kind of service helped you expand your clientele?
 A-Not at all
 B-A little
 C-Sufficient
 D-A lot
- (14) Which is the year that your bank has started to apply the ATM service?
- (15) What is the number of ATM that your bank owns?
- List of Questionnaire Respondents:
 Union Bank of Albania (UBA)
 Intesa San Paolo Bank
 Emporiki Bank
 NBG Bank (National Bank of Greece)
 ProCredit Bank
 Popular Bank
 Credins Bank
 BKT (National Commercial Bank)
 Raiffeisen Bank