

## **The Progress and Development of E-Banking in Albania.**

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### **ABSTRACT**

The authors in this paper have described the progress and development of electronic banking services in Albania during the last five years and have aimed to analyze and describe the importance of these services they offer for the Financial System. The variety and variety of electronic financial services offered by the Banking System is an essential aspect of the Financial Sector throughout the world, including Albania. The paper presented by the authors uses different sources of information provided by serious institutions such as Reports Published by the Central Bank of the State of Albania, Various Reports published by Commercial Banks operating in our country. Also included in this paper are Financial Market Analysis and other sources used to update the situation of various electronic services offered by the banking sector. Another aspect that is addressed in this paper is the impact of information and communication technology on the development of electronic services offered by the banking sector. This includes the use of mobile applications, bank websites and electronic payment platforms. At the end of this study, the challenges and opportunities that are expected to arise for electronic services offered by the banking sector in the future will be assessed. This analysis aims to provide a deeper understanding of the development of second level banks in the context of our country and to determine the potential future perspectives of this financial sector.

**Keywords:** Financial System, Banking System, Electronic Banking Services.

## **1. INTRODUCTION.**

Online banking services are an important aspect of the financial sector and their use has increased significantly, especially during the last decade. However, it can be seen that there are still some challenges and obstacles that make it difficult to attract new users and increase the use of these services. The research carried out by the authors aims to identify the preferences and interactions of individuals and businesses with these services by identifying and evaluating the factors that have the greatest impact on their use. In order to achieve the purpose of the study, research of the existing literature on the use of online banking services in Albania and internationally will be carried out. In addition, analyses will be carried out on the secondary data used in this paper to identify trends and developments in the use of these services in Albania. One of the primary goals of this paper presented by the authors is related to the contribution that can be made in the field of Electronic Banking Services in Albania, offering a detailed overview of potential factors that affect this type of field. The results of this study can serve as a source of information for banks and financial institutions to develop their marketing strategies and to increase the use of online banking services.

Also, they can be helpful for creating appropriate policies and regulations by the authorities to encourage the use of these services and to guarantee a safe and reliable environment for users.

Below are summarized by the authors the goals related to this paper:

- a) To identify the main factors affecting the use of online banking services in Albania.
- b) To evaluate the impact of the internet and technological infrastructure on the use of these services.
- c) To identify and analyze the various potential concerns regarding the security level of online banking services.
- d) To understand the awareness of the consumers about the benefits and risks of using online banking services.
- e) Mention recommendations for banks and financial institutions to improve usage and address challenges encountered by users.
- f) To contribute to the field of banking and financial technology by providing new knowledge and important perspectives about the use of online banking services in Albania.

The research questions that can be included in the analysis of the factors that influence the use of online banking services in Albania are as follows: What are some of the main socio-demographic characteristics of the users of online banking services in Albania and how do they influence the use of these services? How does access to the Internet and the level of technological infrastructure affect the use of online banking services in Albania? How do users' concerns and perceptions regarding the security and reliability of online banking services influence their use? How does consumer awareness about the benefits and risks of using online banking services influence their decision making? What are the experiences and preferences of the users of online banking services in Albania and how do they influence the use of these services? What are the main challenges and obstacles affecting the use of online banking services in Albania and how can they be addressed?

## **2. LITERATURE REVIEW.**

Online banking services are a set of financial services that are provided by various national and international financial institutions, using the Internet. This category of financial services offers individuals and various economic entities the opportunity to conduct transactions, to request financial information, to apply for loans, to manage processes related to potential investments, and to perform a variety of other financial activities. In summary, we can say that: The main characteristics of Online Banking Services are:

- a) Account accessibility at any time: Individuals and economic entities that own an active bank account can access their accounts and perform transactions at any time.
- b) Electronic Funds Transfer Process (Bell C. a., 2009). Various users can transfer funds from their account to the accounts of individuals or other economic entities within or outside their bank without having to go to the bank in person.
- c) Online Payment Process: Individuals and businesses with an active bank account can pay for products and services online using bank cards or electronic payment services (Bamoriya dhe Singh 2. B., 2011).
- d) Account Management Process: Bank users can check their account balances, view recent transactions, obtain statements, and make other changes to their bank accounts.
- e) Mobile Apps: Banks offer mobile apps that users can install on their mobile phones for easy and quick access to banking services (Sparks E. , 2017).
- f) Level of Security and Privacy: The Financial Institution will take the necessary steps to ensure data security and protection of your financial information.

Current banking services in the online spectrum offer new and improved ways to carry out financial activities, making them easier, faster and more convenient for users. These services have played a pivotal role in changing the way people interact with banks and manage their finances. Sociodemographic factors have an important impact on the use of online banking services in Albania. Here are some sociodemographic factors that may influence the use of these services. Age: Age is an important factor when using online banking services. The experience and knowledge that individuals have about technology varies greatly according to the different age groups. Younger people are generally more technologically savvy and are more likely to use online banking services. On the other hand, older age groups may have less experience with technology and may be reluctant to use online banking services (Evan, 2017.). Reason for use: The reason why a person uses internet banking services can also vary according to socio-demographic factors. For example, young people who seek efficiency and mobility may prefer online banking services due to the ease of access and use. While the elderly who need the help of the bank and prefer to receive services through direct contacts, may be less inclined to use online banking services. Educational level: Educational level influences the technological skills and awareness of individuals regarding the use of online banking services (Boyd, 2007). People with a high level of

education are more likely to be technology savvy and to explore and use online banking services. On the other hand, people with lower levels of education may have lower technical skills and be more conservative in using traditional banking services. Place of Residence: Your place of residence may affect your use of Internet Banking services. Online banking services are most commonly used in large cities and regions with good internet access. Rural areas and areas with limited internet access may have lower usage rates for online bank (Bell C. , 2009). Gender: In some cases, gender may affect your use of Internet banking services. Although this influence may be context dependent, studies have shown that in some cases, men tend to be more likely to use online banking services than women (Barnes, 2003 ). It is important to note that these socio-demographic factors are highly interdependent and together affect the use of online banking services. In general, the trend is for their use to increase as a result of technological development and changes in user behavior. Technological Development and Infrastructure of the Internet: The growth and technological development of the internet infrastructure in Albania is an important factor that encourages the increase in the use of online banking services. A stable and high-speed Internet connection is essential for efficiently and easily accessing and using domestic banking services (Bamoriya dhe Singh, 2011). Data security and protection: The security and protection of personal and financial data is a key factor for the acceptance of online banking services. People need to be confident that their information is safe and protected from hacker attacks and data misuse. The user's level of education and technological sensitivity influence the acceptance of online banking services. If users are not well informed about the use of online banking services or are not familiar with the technology, they may hesitate to use this form of banking. The need for ongoing training and information on how to use online banking services safely and efficiently is critical (Barak & Schiffman, 1981). Trust in the financial system: Users' trust in the financial and banking system is a fundamental factor for the use of online banking services. If there is insufficient trust in banks and the financial system, users may be hesitant to switch to online banking services. Continue to build and maintain user trust by ensuring that financial data is transparent, secure and protected. Responsiveness and simple process: Users are more likely to use online banking services if they are easy to use and provide a good user experience. Simple and efficient processes for transferring money, making payments and viewing accounts online encourage users to use online banking services. Banks that offer user-friendly and intuitive mobile applications and websites are more likely to increase the use of online banking service (Au, 2008). The level of use of online services offered by the banking sector in the state of Albania is growing at a fast pace, but this sector still needs to be continuously improved in order to offer services of a level similar to the banks of the European Union Countries. The right combination of internet infrastructure, security, education and user confidence and simplifying the process can encourage more users to use online banking services.

### **3. METHODOLOGY.**

The conduct of this study is based on a combination of methods based on qualitative data and quantitative data, which consists of the review of the relevant literature and the analysis of primary and secondary

data. An important part of the data used in this paper was provided through the use of international literature provided by various scientific publications, various publications and scientific discussion papers by experts in the relevant fields of Finance and Banking. The primary data of this paper were obtained by processing data from questionnaires distributed electronically using the Microsoft Form software program and from questionnaires distributed in hard copy format. The duration of the questionnaire was for a period of 4 months, more specifically the period was from January 2025 to April 2025. This sampling consists of a total of 250 questionnaires completed by different individuals who reside in the Tirana Region, the Durres Region and the Lezha Region. Based on the answers received in 250 questionnaires completed by different individuals who live in the District of Tirana, in the District of Durres and in the District of Lezha, looking at the gender distribution, it turns out that: 140 of the respondents who have completed the questionnaires are female, or in other words, 56% of the total respondents are female. Regarding the rest of the respondents, 110 questionnaires were completed by male individuals, or in other words, 44% of the total number of respondents are male. It should be noted that 180 questionnaires were completed by different individuals in electronic format, or to put it another way, 72% of the respondents completed the questionnaires in the online version. While the other part of the 70 questionnaires was completed by individuals in Hard Copy format, or in other words 28% of the respondents completed the questionnaires by physically meeting them. The questionnaire designed by the authors was designed, developed and implemented in full accordance with the objectives, research questions and hypotheses of this paper. All data were processed by the authors using the Microsoft Excel software. Today, in the era of information technology, every company wants to offer its products and services through various electronic channels. Banks are also now focusing more on providing electronic services, reducing the importance of traditional branch networks. In recent years, many studies have investigated the relationship between trust and intention to use online banking services. Analysis of statistical data: The use of available statistical data, such as data on Internet usage and online banking services, provides useful information for assessing the influence of factors on the use of online banking services. This data can come from government agencies, banks, international organizations and other sources responsible for collecting and analyzing data (Cronin, 1997). The analysis of trends and developments in the Financial Markets and in particular in the Market in which the Banking Sector is located and the continuous developments in the field of Information Technology are helping to identify the set of potential factors that may affect the use of all online banking services offered by the Banking System. In the paper submitted by the researchers, other quantitative data of a secondary nature were used, which were provided by prestigious National and International institutions such as: the Database of the Central Bank of Albania (BankofAlbania, 2025), from the Database of the International Monetary Fund (IMF, 2025). All individuals who took part in this survey, which was conducted over a period of 4 months and which was spread over 3 different districts of Albania, completed the questionnaire uninfluenced and with their full will and desire. Also, all respondents were informed by the authors and the persons engaged in distributing the questionnaires about the purpose of this paper. Confidentiality,



as another very important element of the work, was maintained throughout the entire process of data collection, processing and analysis of this data.

#### **4. PRESENTATION OF RESULTS AND FINDINGS.**

##### **4.1 Global Electronic Banking Trends 2024.**

Based on the data published by PrecedenceResearch it is shown that: The total size of the Global Market in which Electronic Banking participates during 2024 was estimated at 9.50 trillion American Dollars. (Precedenceresearch, 2025). The countries that are located in North America dominate the Global Market of this sector. More specifically, these countries that lie in North America own 37% of this market in 2024. The total number of transactions carried out through Electronic Banking in the United States during 2024 was worth 2.64 trillion US dollars. (PrecedenceResearch., 2025) It is thought that: the Electronic Banking Market during 2025 will reach a value of 4.41 trillion US dollars. (Media-and-resources, 2024) In the second place are the countries that lie in the Asian and peaceful continent. Specifically, these countries during 2024 owned 29% of the total Electronic Banking market. Based on various publications by specialists in the field, there are projections and studies that state that: The countries that are part of this geographical region in a medium-term period will be characterized by a higher growth. In the third place are the countries that lie on the European Continent. More specifically, during 2024, these countries owned 24% of the total Global Electronic Banking market. In the fourth place are the countries that lie in the Latin American continent. Specifically, these countries during 2024 owned 7% of the total Global Electronic Banking market. While in fifth place are the countries located in the African Continent and the Middle East, these countries owned 3% of the total Global Electronic Banking market during 2024.

##### **4.2 Online banking services in Albania.**

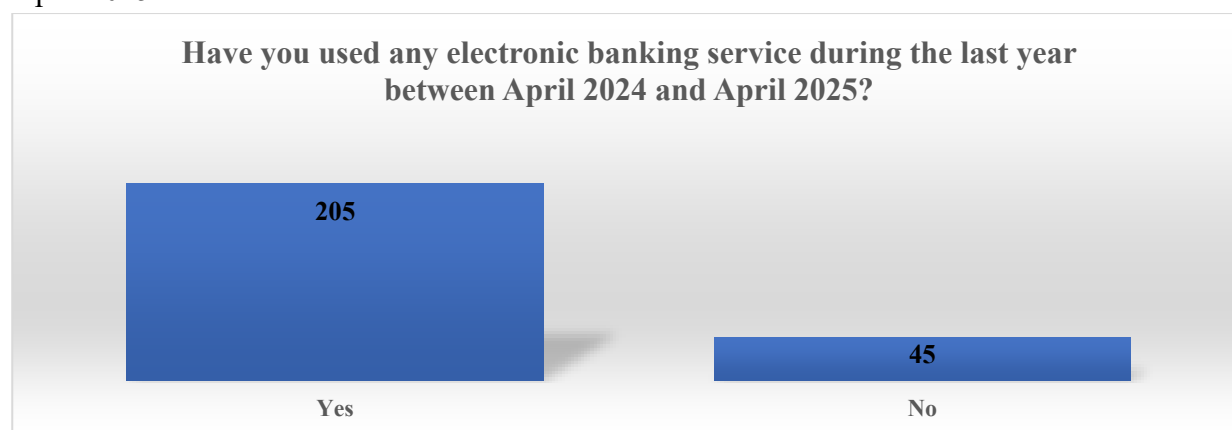
The total and variety of online banking services offered by the banking entities operating in Albania have increased significantly in Albania, especially during the last five years. The country's banks and financial institutions have invested heavily in technological infrastructure and developed sophisticated online platforms to provide banking services electronically. (Ajzen I. , 1980). Based on the Statistics Published by the Central Bank of Albania during 2024, it results that: The total number of banking transactions carried out remotely reached the value of 9.36 million banking operations. This is the highest level ever recorded for the banking system of our country. Compared to the previous year 2023, it results that the number of remote banking operations carried out by individuals, economic entities, and the Government increased in total by 22% or in other words by 1.7 million more operations. In the last five years from 2019 to 2024, the total number of home banking transactions has increased by about 160%. The total value of remote electronic banking operations in the state of Albania during 2024 was 2.39 trillion lek based on data published by the Bank of Albania. Compared to the previous year 2023, we have an increase in this indicator of 19%. Based on the current official exchange rate applied by the Central Bank

of the Albanian state, 1 euro is exchanged for 98.89 Albanian Lek. Remote banking operations are the transactions that are carried out using the Internet and smart mobile applications. Pandemic-related restrictions and bank branch congestion brought greater attention to remote payment options and were a further push towards electronic payments. The total number of bank accounts owned by individuals and economic entities that were connected to the Internet, was in the value of 1.35 million, compared to a year ago this indicator has an annual increase in the value of 23%. During 2024 it resulted that: about 39% of the total active bank accounts in our country had access to the internet, while for 2023 this indicator was 34%. Approximately 90% of the number of bank accounts of residents during 2024, that have access to the internet are owned by individuals. The number of accounts that have access to the Internet for individuals increased by 23% compared to the year after 2023, while for business accounts that have access to the Internet the increase was even higher, with 26% more compared to 2023.

#### **4.3 Presentation of results.**

Given the nature of the study to collect all relevant information regarding the level of awareness of individuals and economic entities using e-banking offered by the bank. This includes the socio-demographic characteristics of the respondents, the reasons why they prefer electronic services, consumer awareness of electronic banking services, clientele, challenges they face, as well as advantages in using electronic services. It should be noted, however, that the data were only numerical summaries and that such interpretations and conclusions are drawn based on the analysis.

**Figure 1:** Have you used any electronic banking service during the last year between April 2024 and April 2025?

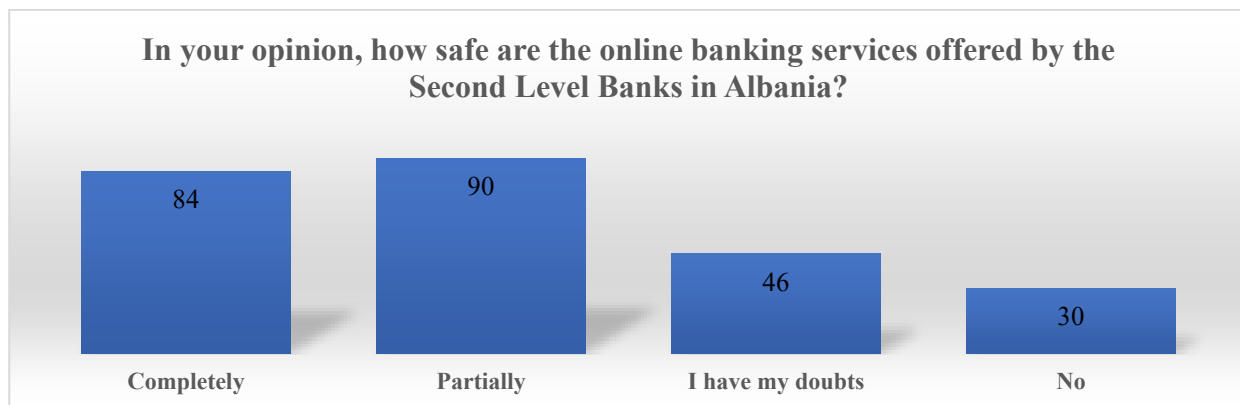


Source: Data Processed by the authors with Microsoft Excel (May 2025).

Based on the answers received from the respondents in relation to the first question of the questionnaire: Have you used any electronic banking service during the last year between April 2024 and April 2025, we can say: 205 people who have completed the questionnaires have expressed themselves positively in

relation to this question or say otherwise 82% of the total number of respondents. While 54 individuals who completed the questionnaires distributed in both electronic and hard copy format, expressed themselves negatively, or 18% of the total number of respondents.

**Figure 2:** In your opinion, how safe are the online banking services offered by the Second Level Banks in Albania?



Source: Data Processed by the authors with Microsoft Excel (May 2025).

Based on the responses received from respondents regarding the second question of the questionnaire: In your opinion, how safe are the online banking services offered by the Second Level Banks in Albania, we can say: 84 people who completed the questionnaires expressed their complete agreement with this question or said otherwise 33.6% of the total of all respondents. 90 individuals who completed the questionnaires expressed their partial agreement with this question or said otherwise 33.6% of the total of all respondents. 46 individuals who completed the questionnaires expressed their complete agreement with this question or said otherwise 18.4% of the total of all respondents. 30 individuals who completed the questionnaires expressed their negative opinion in the negative regarding this question or said otherwise 12% of the total of all respondents.



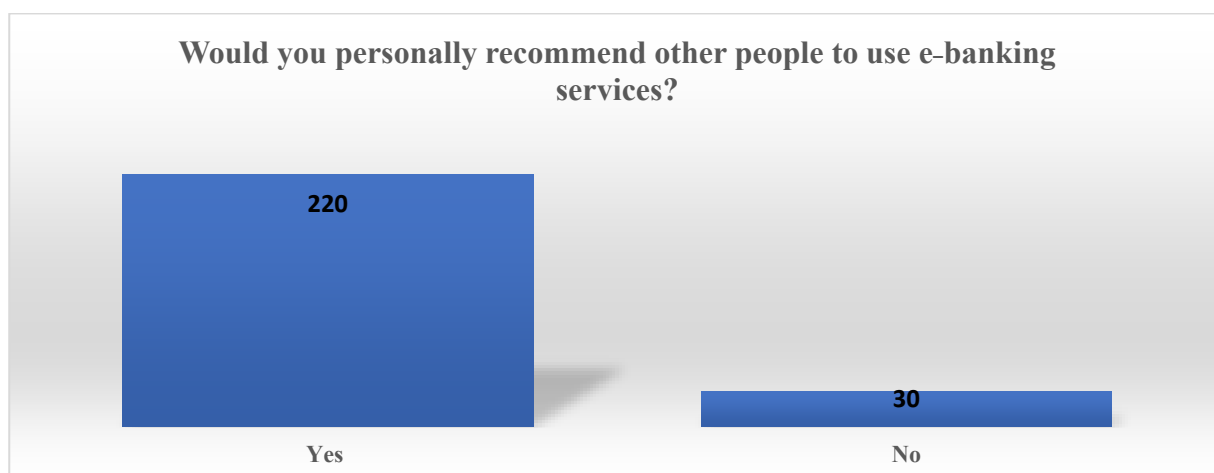
**Figure 3:** In your opinion, the banking services provided by the Banking System in our country save your time?



Source: Data Processed by the authors with Microsoft Excel (May 2025).

Based on the answers received from the respondents in relation to the third question of the questionnaire: In your opinion, the banking services provided by the Banking System in our country save your time, we can say: 236 people who have completed the questionnaires have expressed themselves positively in relation to this question or say otherwise 94.4% of the total number of respondents. While 14 individuals who have completed the distributed questionnaires, have been expressed in a negative way, or in other words, 5.6% of the total respondents.

**Figure 4:** Would you personally recommend other people to use e-banking services?



Source: Data Processed by the authors with Microsoft Excel (May 2025).

Based on the answers received from the respondents in relation to the fourth question of the questionnaire: Would you personally recommend other people to use e-banking services, we can say: 220 individuals who have completed the questionnaires have expressed themselves positively in relation to this question or say otherwise 88% of the total of all respondents. While 30 individuals who have completed the distributed questionnaires both in electronic format and in hard copy format, have expressed themselves in a negative way, or in other words 12% of the total interviewees.

**Figure 5:** In your opinion, are the banking services offered by the Banking System in Albania suitable for the needs and requests of customers?



Source: Data Processed by the authors with Microsoft Excel (May 2025).

Based on the answers received from the respondents in relation to the fourth question of the questionnaire: Would you personally recommend other people to use e-banking services, we can say: 225 people who completed the questionnaires expressed their opinions positively regarding the question, or in other words, we can say that 90% of the total number of respondents. While 25 individuals who have completed the questionnaires, have been expressed in a negative way, or in other words 10% of the total interviewed. From the interpretation of the above findings from the terseia of all the questionnaires, we can say: A good part of the interviewees say that e-banking has a positive impact on the various services that customers use. So, we can come to the conclusion that electronic e-banking has a positive effect on the increase in the performance of clients.

## 5. CONCLUSIONS AND RECOMMENDATIONS.

Based on the findings from the collection, processing and analysis of questionnaire data by researchers and the analysis of factors that influence the use of online banking services in Albania, some

recommendations can be proposed to banks and financial institutions for improving the use of these services. Building a more robust and secure internet infrastructure will encourage more customers to use online banking services.

Ensuring data security and protection: Banks should pay special attention to the security and protection of customer data. (Storchak, 2025). This includes taking the necessary steps to prevent identity theft and other electronic crimes. Banks should offer advanced security systems to instill customer confidence in the protection of personal and financial information.

Second-tier banks should periodically provide training and education to customers on the use of online banking services. This improves the technical knowledge and skills of consumers when using technology and helps them overcome barriers to using these services. Training and education of current and potential customers should be more present and offered from time to time regarding the way online platforms operate and use.

Focus on building reputation and credibility: Banks should strive to develop their reputation and credibility when offering online banking services. This includes providing quality service, responding effectively to customer needs and building trusting relationships with customers. Banks should be transparent and openly communicate the security policies and terms and conditions of their online banking services to build customer trust. Review of the third party's costs and terms and conditions: Banking entities, especially second level banks, must take into account not only the costs but also the terms and conditions of their online banking services to be as efficient as possible in the market in which they operate.

The banking system has the opportunity to offer diversified services and packages, with a lower cost level for new customers or may offer different financial incentives for customers to use these services as much as possible. Another element that influences are the conditions of use, the latter must be easy to understand and to meet the needs of current customers who are part of the bank, but also of new potential customers. Based on and trying to implement these recommendations, in relation to the second level banks and other financial institutions operating in our country, they can improve the trend and use of online banking services in Albania.

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