

The Approach of Local Firms towards E-Banking

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ABSTRACT

The Objective - This paper aims to identify the critical dominant incidents and key instigators that influence usage or lack of usage of e-banking by the business clients.

Methodology/Approach - The research at hand utilizes the Grounded Theory of Barney Glaser and Anselm Strauss (1967). It also utilizes the Critical Incident Technique in order to identify the factors that influence on the (dies) satisfaction of the business clients in using the e-banking. For the purpose of this paper, the empirical data were gathered through interviews by using open ended questions. Among 63 interviews with the representatives of the small and medium enterprises (SME), nongovernmental organizations and other business organizations, 23 of those interviews were deemed as invalid for the purposes of this research, given that they declared that they do not use the e-banking.

Findings - The empirical results highlight the need to raise the consciousness regarding the efficacy and the advantages that e-banking offers to small enterprises; on the other hand, many other enterprises cannot conceive the possibility of running their business without e-banking, given that in the past their personnel spent so much time in traffic, or waiting in line for hours in order to execute

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payments, or they had to carry large amounts of cash money and they were concerned in that process by the feeling of insecurity until they performed the delivery of such money.

Limitations of research – The research is limited only to the description of one critical incident that occurred in a particular bank. There are cases, however, when the business clients utilized the e-banking with several banks. In the future all these cases need to be identified and registered appropriately.

The originality/value – The present findings form the basis for a more extended research in order to evaluate the satisfaction of the business clients with the service of e-banking and to offer further suggestions which a bank needs to follow in order to be successful in attracting and retaining the business clients.

Keywords – *e-banking, grounded theory, critical incidents technique, adaptability, satisfaction, time saving, Kosovo.*

1. Introduction

E-banking represents a new functional approach which enables the clients of a given financial institution to perform financial transactions through a secure website, which is operated by that institution. E-banking offers new advantages and possibilities for all business and individual clients: time saving, given that the physical presence is not required in order to perform the transfer; reduction of transaction cost; fast access to account (at all time and from any location); the possibility of comparing the data, e.g. offers, bank statements, etc.

In Europe and in the USA, one observes an ever increasing trend of the volume of transactions performed through e-banking, whereas in Kosovo we still do not have the exact statistical data on the usage and implementation of e-banking. In European countries, an average of 40% of the people uses the bank services through internet. E-banking is highly widespread in Nordic countries and in Netherlands, where over 75% of the people use the internet to utilize banking services (OECD, 2011). Despite the slow pace, this practice has started to be implemented in Kosovo, too. Currently, e-banking is used by the small, medium and large enterprises, by various local and international nongovernmental organizations, as well as by various educational and health provider organizations.

Therefore, the aim of this research is identify, through interviews based on a questionnaire, the critical dominant incidents and main stimulants (efficacy, security, profit or the low cost for the clients, or the issues that might be alarming for a given bank) which all influence on the usage or lack of usage of e-banking by the business clients. This research also aims to analyze factors that represent hurdles towards utilization of e-banking and to create a background of prerequisite information regarding the behavior of business clients toward e-banking.

Research methodology is based on the grounded theory of Barney Glaser and Anselm Strauss (1967) and on the Critical Incident Technique (CIT) through which one observed the main positive and negative factors which influence on e-banking in many enterprises in Kosovo. The analysis of the main data which were collected in the process was split in the part of presentation of the data, coding process (open coding, axial coding and selective coding) (Handcar, n.d.) and eventually one performed the interpretation on findings and the conclusions.

On the one hand the findings from this research have highlighted the need to increase the consciousness on the efficacy and the advantages that e-banking offers to small enterprises; on the other hand, it highlighted the fact that many other enterprises cannot conceive running their business without e-banking, given the fact that in the past their personnel spent so much time in the traffic, or they had to wait in lines for hours to perform payments, or they had to revert to carrying large amounts of cash money and they were concerned regarding their safety until they handed that money over. In addition, the business clients stress the importance of security of transactions and the coding protection tools that banks offer, which have to be taken into account by banks if they wish to extend their network of clients.

Methodology of qualitative research

Regarding the topic on how much e-banking is utilized in Kosovo, as a basis to gather data for that, one utilized the Grounded Theory;

whereas, in order to perform the identification of the factors, one utilized the critical incidents technique.

The method of Grounded Theory (Glaser & Strauss, 1967) (Urquhart, 2001) is known as a systematic methodology in the social sciences which was initially invented by two sociologists Glaser and Strauss (1967) (Urquhart, 2001), and it aims to reach the revealing of theory through synthesizing of the data. This was reached through a common research of these sociologists in a study they performed which involved observation of the patients who were dying in a hospital and their relatives. As a result of this these observations, sociologists wrote the book *Awareness of Dying*. In this study, the authors developed a comparative method which we today refer to as Grounded Theory. In most cases this method is utilized in qualitative research (Strauss, 1987); however, at the same time, it is also largely used in quantitative research (Glaser, 1992).

The basic theory method represents a systematic research approach to gather and analyze the qualitative data, the aim of which is to generate a descriptive theory based on the analyzed data, rather than raising hypotheses. Therefore, the collected data are labeled in a series of codes which are obtained from the text; the codes are classified in a group of concepts in order to implement, to the highest degree, the issues; out of these concepts, one forms the categories.

In order to analyze the relationship bank-client, during e-banking, one utilized the Critical Incident Technique (CIT) which is a series of procedures that determine the collection of data by observing the human behavior which has a critical impact and it tackles the determined methodological criterions (Rexha, 2010). These observations are conserved as traces of incidents, which eventually are utilized to solve the critical problems and to develop wide-ranging psychological principles.

Critical Incident Technique (CIT) aims to, firstly, offer an empirical basis to solve practical problems and, secondly, to develop wide-ranging psychological principles for drafting concepts, based on which we are able to understand important phenomena which influence the area which is being studied (Rexha, 2010).

CIT is used as a research technique to identify the problems in various organizations in cases where there is a lack of theory to describe the given phenomena. This technique is used as an interview tool instead of direct questions, in order to reveal the unusual critical incidents that take place in an organization. The critical incidents are collected in various ways; however, the interviewees are usually asked to describe one experience of their own related to a service or institution—in our case, their experience with e-banking. Critical Incident is defined as an incident that plays a visible negative or positive contribution for a given activity. Through this technique, one obtains the general information on the management or the working procedures by concentrating on the particular critical incidents.

Collection of data

The data for this study were collected through interviews performed with 63 representatives of small and medium enterprises, trading and service provision firms, nongovernmental and international organizations in the municipality of Pristine, all of which utilize e-banking in their daily business. The selection of the interviewees is done through a random method.

In cases where one did not utilize e-banking, the interviews lasted 5 minutes; whereas, in the cases where one utilized e-banking, the interviews lasted for up to an hour.

Out of 63 performed interviews on site, 23 of the interviewees declared that they do not utilize e-banking, therefore the latter cases were not dealt with in this study. The valid empirical data were processed through the statistical analysis software – SPSS.

Interpretation and analysis of data

Among the overall number of 40 interviewees, 37.5% of them use the e-banking services of Proceeded Bank; 35% use the services of Raiffeisen Bank; 15% of the interviewees use the services of NLB Bank, 10% use services of TEB, and 2.5% services of BpB Bank (see Table 1).

Local Banks					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Pro Credit Bank	15	37.5	37.5	37.5
	Raiffeissen Bank	14	35.0	35.0	72.5
	NLB Bank	6	15.0	15.0	87.5
	TEB Bank	4	10.0	10.0	97.5
	EpB Bank	1	2.5	2.5	100.0
	Total	40	100.0	100.0	

Table 1. Utilization of e-banking services of various banks

Among the overall number of interviewees that utilize e-banking (see table 2), 45% of them state that their critical incidents refer to Suitability of utilization of e-banking service which at the same time represents a label in selective coding; 30% of the interviewees state that their critical incidents refer to Time Saving (second label of selective coding); 12.5% of the interviewees relate their incidents to the Profit Cost of Utilization (third label of selective coding) of e-banking, and 12.5% of interviewees state that their critical incidents refer to the Need for information technology training (fourth label of selective coding).

Categorization					
		Frequency	Percent	Valid Percent	Cumulative Percent
Saving of time for client		12	30.0	30.0	30.0
	Suitability of utilization of e-banking service	18	45.0	45.0	75.0
Information technology training		5	12.5	12.5	87.5
Profit cost of e-banking service		5	12.5	12.5	100.0
Total		40	100.0	100.0	

Table 2. Categorization of labels

As a result of our interviews one observes that 35% of business clients cooperate with banks in a time period stretching from 1-3 years, 32.5% of business clients cooperate with banks in a period stretching from 4-6 years, 27.5% cooperate with banks 7-10 years,

whereas only 5% of business clients cooperate with banks for a period longer than 10 years (see Table 3).

Years of cooperation with the bank

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid 1 to 3 years	14	35.0	35.0	35.0
4 to 6 years	13	32.5	32.5	67.5
7 to 10 years	11	27.5	27.5	95.0
over 10 years	2	5.0	5.0	100.0
Total	40	100.0	100.0	

Table 3. Years of cooperation with bank

In Table 4 one presented the position of clients on respective banks based on five statements where the interviewees had the opportunity to choose one choice among the answers. From the data it derives that the first statement "I would recommend this bank to my friends" represents the major part of the answers, 62.5%, which proves that the business clients are satisfied with the services provided by the banks. 20% of the interviewees stated that "I will continue to work with this bank during the next year". The statement "This bank is no worse than the others" is supported by 7.5% of the business clients who are not that satisfied with their banks and the same percentage of unsatisfied clients supports the statement "Next year most probably I will not be working with this bank", whereas 2.5% of the interviewees state that "all the banks are the same".

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid I would recommend this bank to my friends	25	62.5	62.5	62.5
I will continue to work with this bank during the next year	8	20.0	20.0	82.5
This bank is no worse than the others	3	7.5	7.5	90.0
All the banks are the same	1	2.5	2.5	92.5
Next year most probably I will not be working with this bank	3	7.5	7.5	100.0
Total	40	100.0	100.0	

Table 4. Position of business clients on bank

The age of the interviewees form an important part of the interview and from the data it shows that 50% of the interviewees that use the e-banking are from 18 to 35 years of age, whereas 45% are from 36 to 45 years of age, only 5% of interviewees are over 46 years of age (see Table 5).

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Age from 18 to 35	20	50.0	50.0	50.0
Age from 36 to 45	18	45.0	45.0	95.0
Age over 46	2	5.0	5.0	100.0
Total	40	100.0	100.0	

Table 5. The age of interviewees

A major part of the interviewees that use e-banking (see Table 6) have higher education, 52.5% of them are economists, 25% are accountants, 10% have master degree in banks and finances, 5% of them are paid consultants by the respective firms for training of the personnel in such firms, whereas 2.5% of the interviewees are engineers, agronomist, and teachers.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Economists	21	52.5	52.5	52.5
Accountant	10	25.0	25.0	77.5
Master on banks and finances	4	10.0	10.0	87.5
Agronomists	1	2.5	2.5	90.0
Teacher	1	2.5	2.5	92.5
Consultant	2	5.0	5.0	97.5
Engineer	1	2.5	2.5	100.0
Total	40	100.0	100.0	

Table 6. Profession of interviewees

Based on this we can conclude that the e-banking services are mostly used by the responsible persons tasked with managing the finances and accounting and who are also responsible for performing bank transfers.

Based on Table 7, one can clearly see that 30% (or 12) of the interviewees consider that e-banking service *saves time*, 66.7% of them

have over 4 years of experience with these banks, they also state to have very good experience with these banks, as a result they would recommend or they will work in the future with these banks (ProCredit Bank and Raiffeisen). In this particular case, the years of cooperating with banks indicate the satisfaction of client with the e-banking service and at the same time it indicates that early adopters of e-banking service usually are the clients of ProCredit and Raiffeisen bank.

In addition, 45% (18) of the interviewees confirm that e-banking services offer suitability, practical value and of various nature and character (such is e.g. support in decision making, speedy verification of the transfer executions, elimination of the possibility of errors, etc). Therefore, *The suitability of utilization of e-banking service* is not linked so much with the years of cooperation but rather with the offered valued and with the service and satisfaction of the client with such services.

Categorization	Years of cooperation with the bank				Total		
	1 to 3 years	4 to 6 years	7 to 10 years	over 10 years			
Saving of time for the client	Local Banks	ProCredit Bank	1	1	3	1	6
		Raiffeisen Bank	1	2	1	0	4
		NLB Bank	0	1	0	0	1
		TEB Bank	1	0	0	0	1
	Total	3	4	4	1	12	
Suitability of utilization of e-banking service	Local Banks	ProCredit Bank	1	3	2	1	7
		Raiffeisen Bank	1	1	3	0	5
		NLB Bank	1	1	1	0	3
		TEB Bank	3	0	0	0	3
	Total	6	5	6	1	18	
IT education	Local Banks	Raiffeisen Bank	1	2			3
		NLB Bank	1	1			2
	Total	2	3			5	
Profit cost of the e-banking service	Local Banks	ProCredit Bank	0	1	1		2
		Raiffeisen Bank	2	0	0		2
		TEB Bank	1	0	0		1
		Total	3	1	1		5

Table 7. Interconnection among categorization, banks and years of cooperation

In general the new services in the market, including e-banking services, are not easily adopted due to the hesitation and the education of clients. The data from our research indicate the same; 12.5% of the interviewees confirm the fact that *IT Education* in Kosovo continues to be a problem and the reason for not utilizing new services. These cases were present in the first years of cooperation with the bank, from 1-3 years and 4-6 years, which indicate that, with

continuing exercise of the service, this problem is thus eliminated. Therefore, the banks should pay attention to the promotion of e-banking service and at the same time they should design user-friendlier platforms in order to eliminate the problems that derive from the lack of IT education, which would increase the number of users.

Cost of services (12.5% of total of analyzed interviews) represents an important indicator for clients that are in the first years of cooperation. We have noted 3 occurrences in the first three years and one case in long term users from 4-10 years. Hence, this argument proves the importance of cost of service in building the cooperation bank-consumer and getting new clients.

Regarding the position of clients (see Table 8) regarding the banks, one deduces that, due to the factor of saving time, 6 clients state that they would recommend the bank to their friends, 2 state that they would continue the cooperation for the following year and one case was of a neutral stance regarding the service and that their bank is not much different from others. Based on these results the “saving of time” represents the core value of e-banking service which has positive and negative effect on relationship between the client and the bank.

Categorization			Position on bank				Total
			I would recommend this bank to my friends	I will continue to cooperate with this bank during the following year	This bank is not much worse than the other banks	All the banks are the same	
Saving of time for the client	Local Banks	ProCredit Bank	3	2	1		0
		Halifex Bank	3	0	0		4
		HLB Bank	0	0	0		1
		TEB Bank	0	0	0		1
	Total		6	2	1	1	12
Suitability of utilization of e-banking service	Local Banks	ProCredit Bank	5	2	0		7
		Halifex Bank	3	1	1		5
		HLB Bank	2	1	0		3
		TEB Bank	2	1	0		3
	Total		12	5	1		18
IT education	Local Banks	Halifex Bank	1	1	1		3
		HLB Bank	2	0	0		2
	Total		3	1	1		5
Profit cost of the e-banking service	Local Banks	ProCredit Bank	2			0	2
		Halifex Bank	2			0	2
	B&B Bank		0			1	1
		Total		4		1	5

Table 9. Interlink between categorization, banks and statements

Similarly with the topic of suitability, 12 occurrences indicate that it is this exact practical reason and suitability in utilization of e-banking service eventually the reason why they would recommend

these banks and why they would continue cooperating with them. There is no registered occurrence which indicates that they would not continue cooperating with the bank or that they consider the service the same due to suitability reasons.

As a result of IT education there are three instances where they indicate that they would recommend the banks, whereas there is an instance which indicates that they would continue cooperation with that bank and that the latter does not differ much from other banks. There is no recorded occurrence which indicates that the education is the reason why they would not recommend the bank, or that this bank is the same as the others. Nevertheless, the very fact that one registered as a topic the issue of "IT education" indicates that both banks and clients need to work in this area (through the promotion of the services and education at the same time) and that there is space within which one can maneuver, the latter could be used by banks as a comparative advantage.

Regarding the profit cost, there are 4 instances that the respondents declare that they would recommend the bank to their friends, due to the cost. Only one case indicates that all the banks are the same. There is no case that is interlinked with three other statements. This indicates that, at the end of the day, the cost of service is the single most critical issue that bears most of the weight in shaping the convictions and impressions regarding the values and gains from a certain service. Therefore, the banks need to pay additional attention to the cost of services they provide, in order to meet the expectations of their clients.

Conclusions and recommendations

Conclusions

This qualitative research represents a strong basis for quantitative and more thorough research; the latter could be performed involving all the local banks in order to quantify and verify the actual findings for each bank and to come up with the respective recommendations for each of them.

As a result of the paper, we come to the conclusion that: "The suitability of the e-banking services" is highly valued by all the business clients due to the fact that it helps quicken decision-making, it reduces the occurrence of errors and it offers the possibility of performing money transfers at any given time. On the other hand, the clients that value suitability, request that e-banking service platforms be rendered more user-friendly, to offer a higher level of security and to obtain instant confirmation regarding the performed transfers.

"Saving of time" represents another important factor for business clients who use the e-banking services, given that it helps them operate in a more efficient manner, without having to lose time in long queues, to become more competitive, to avoid possible errors which can occur during the procedures of transfer at the bank counters. On the other hand, due to weak Internet links, the transfers that take place through e-banking are slow, which attest to the fact that e-banking services need to be suitable for business clients.

"Cost of Services" plays a role in utilization or lack of utilization of the e-banking services, especially for the novice clients. This factor can offer a competitive advantage for new clients, by having their service fees reduced.

"IT education" of the bank officials and business clients plays an important role in utilization of e-banking service. If the bank officials do not have appropriate knowledge to maintain the e-banking service platforms, if they do not promote or advise the clients on how to utilize the e-banking services, then these services for clients who have attained a lower education will be rendered difficult to be used. In the end, all the findings evolve around the suitability of utilization of e-banking services, gaining time for the clients and savings on bank resources.

Recommendations

Based on the findings and the conclusions that derive from this qualitative research, we recommend that, in order to increase the number of their clients, banks should develop more user-friendly platforms to be used by all the clients from all walks of education levels. At the same time, these platforms should be safe to be used,

they should offer the possibility of instant verification of performed transfers.

With the development of suitable platforms, the banks could increase the number of clients that use e-banking services. At the same time, they would increase their incomes and reduce expenses. In order for them to increase the number of clients, the banks need to promote the services by using all means of promotion, including advertisements, events and experiences of other clients, audio-visual materials, 24x7 assistance services and social media, etc. At the same time, however, they should pay attention to the training of their employees through specific education programs and also to train their clients by using brochures, audio-visual demonstrations and by performing direct visits to the clients.

Only in this manner, the banks can render themselves competitive in the market and to be in the service of their clients.

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