The Bank Digitalization in Albania Society: The Case Study BKT Bank in Albania

Maria Dojçe

PhD, Department of Social Science, University of "Fan S. Noli" Albania

Monika Dishnica

PhD cand. BKT Bank Director, Korca-Albania

Abstract

Based on the rapid development of technology in the last decades, the life conditions and everyday habits has changed drastically for everyone. Almost all professions are in the process of transformation, which have directly affected the entrepreneurial initiatives today, the quality of life has increased, the services as a whole have become faster, more and more in favor of the time we are living. In this context, concept of D. Bell (1973) in his work "The arrival of the post-industrial society" analyzed the economic, political and social changes that generated the change in the development of technology momentum. According to him, technological development not only transforms lifestyle, service, but also the very concept of life, sale of work, free time and social interaction (see: Bell. D., 1973: 44). On the other hand, the fact is that advanced technology has affected all sectors of life and privacy of individuals, in every society and every sector of human society and public economy. According with changes of contemporary societies, this study is focused in the impact that bank systems has in everyday life. The case study of this study, is Albanian society and the target group is BKT Bank, staff of the bank and customers as well. This is an empirical study, based in analytic-descriptive interpretation and quantitative data.

Keywords: technology, bank, costumer, e-banking, bank name

Introduction

According to Prof. Dr. Ksenofon Krisafi, the first attempts to create banks in Albania date back to 1830. In those years, Albania was part of the Ottoman Empire, although there were no banks in the market yet, some handwritten notes of value circulated, which began to be printed in 1842 they were called "kaime-i mutebere-i osmanije". This was the money of that time used for cash payments. On February 4, 1863, the

first bank named Banka Kombëtare Ottomane was founded, and a few years later another Turkish banking institution, Banka Agrare Turke, was opened in 1888 with branches in the cities of Berat, Korca, Shkodër, Elbasan and Tirana. It was 1925, the decisive year that, after many years of efforts, the National Bank of Albania was founded. In September of this year, the bank started its official activity by launching the first Albanian gold franc currency. In November 1937, the Naples bank was opened as a competitor of the National Bank of Albania for many years. Until 1939, three banks operated in Albania, the National Bank of Albania, the Bank of Naples and the Export Bank of Belgrade. In 1940, the National Labor Bank was founded. The year 1943 was the year when the two Italian banks operating in the country left and the National Bank of Albania itself was in very difficult conditions. In this year, all banking activities were suspended. During 1944, the National Bank of Albania financed the German army and at the end of this year its treasury was empty. (Prof. Dr. Kenofon Krisafi, 2012).

Based, on some mentioned innovations, this study will analyze different views about the possibilities for providing banking services through new alternative banking models, which are mainly based and supported on technology and technological development. This model of doing business and providing the same banking services, but without the human factor or direct contact with the bank branch, actually challenges the way of business as a whole. Thus, allowing the customer access to services through information technology, represents a new approach to the work process, and sophisticated information systems, which while using the opportunities provided by the rapid development of technology, are able to face numerous challenges that arise as a result of its use.

Dr. Spiro Brumbulli, emphasizes that during 1944, the liquidations of the National Bank of Albania, the Bank of Naples and the National Bank of Labor were carried out, and at the beginning of 1945 the Bank of the Albanian State was established, which in 1949 created the Savings Banks known later such as the Institute of Savings and Insurance. The Albanian State Bank performed all banking functions and operated alone until 1970. In 1970, the State Agricultural and Development Bank was founded, with the aim of lending to agricultural cooperatives.

In 1990, the Bank of Agriculture and Development was established as an independent institution, where it inherited all the activities of the Agricultural Bank, and was dependent on the Ministry of Finance.

In 1991, the Savings Bank was founded as an independent state institution, part of the banking system of that time. It inherited all the deposits of Arkea e Kursimim, thus becoming the largest bank in the country, exercising its activity successfully until it was privatized by Raiffeisen Bank, Austria in 2004. In the same year, the Bank of Albania was founded.

All these banks were state institutions.

In the following years, the development of economic reforms and massive privatization had its impact on the banking sector, where the privatization of banks with state capital should have been completed by 2000.

During 2000, the National Commercial Bank was privatized from an anonymous company that also included the European Bank for Reconstruction and Development (EBRD), and then only in 2004, the largest bank in the country, Savings Bank, was privatized.

Changes in legislation made it possible to license banks with foreign capital in Albania.

The banking sector after 1993 to 2012 resulted in 17 private banks operating in Albania according to the table below:

Electronic payments in these years accounted for only 2.46% of customer payments, even though the number of credit and debit cards continued to grow. (Dr. Spiro Brumbulli, 2012)

From 2012, 16 second-level private banks operated in the banking sector, with foreign and Albanian capital. After 2015, a tendency was observed that banks, for various reasons and due to their policies, and the current crisis itself, began to consolidate by buying other banks operating in Albania, causing the number of banks to be reduced to 12 in the year 2021-2022. It was the American Investment Bank sha, that in 2015 finalized the acquisition of Bank Credit Agricole sha, a success story for the banking market in Albania because a bank in crisis was bought by changing completely and also a bank with American private capital became part of the system banking. In 2017, the same bank, ABI bank, bought the National Bank of Greece (NBG). Yet another bank sale was finalized in 2017, by the Intesa San Paolo group of the Venoto bank. In 2019, the Albanian bank of the Societe Generale group was bought by the Hungarian OTP group. This group in 2022

completed the acquisition of Alpha Bank, ranking it fifth in size after BKT, Credins, Raiffeisen and Intesa San Paolo. In 2019, Tirana Bank became a bank with Albanian capital after the Balfin Group bought the Piraeus Banking Group for Albania. Meanwhile, the International Commercial Bank was bought by Union Bank, a bank with Albanian capital. In 2019, Tirana Bank also became a bank with Albanian capital, after the Piraeus Banking Group sold it to the Balfin group. The banking system consists of 4 banks with Albanian capital, Credins Bank, Abi Bank, Tirana Bank and Union Bank.

Banking sector and human capital

In his analysis, Prof. Dr. Ahmet Ceni, emphasizes that the instruments of growth and use of human capital as well as the measurement of its productivity in the banking sector are a universal theory and practice, which must be continuously studied and implemented by responsible bank managers with the aim of increasing profitability from one side and the implementation of social responsibilities, as towards

ISSN 2411-9571 (Print)
ISSN 2411-4073 (Online)

European Journal of Economics
and Business Studies

July - December 2022
Volume 8, Issue 2

depositors, borrowers, and other interest groups on the other hand. (Ceni, A., 2017: 8). According to him, human capital represents an intangible asset that makes it possible to increase and support productivity, innovation, employment and competitive advantages.

This has led bank managers to implement strategies aimed at finding the most suitable, quality people, and motivating them to the maximum. The sources of employment in the banking system have been the universities, aiming for this process to be as transparent as possible and to pay attention to the individual's abilities to perform his duties properly. This is confirmed by the fact that most of the recruitments in the banking system are carried out on the basis of references and experience of the individual, especially for management positions. The banking system is characterized by a young age (35 years average age) full of energy for work, with experience and the appropriate qualifications, guaranteeing the bank's long-term success. The banking sector has the highest level of expenses for training and qualifications of its employees. These expenses remain significant because the banks themselves are interested in increasing financial education capacities. The salary level and remuneration structure is higher and more diverse compared to all other sectors. The bonus system depending on the achievement of results, based on the objectives and targets set by the banks are present every month or 3 months as an integral part of their salary. This bonus system comes and becomes more measurable depending on the products and services sold by their employees. Banking products and services are the main elements that are included in the bonus system of every employee in the banking system, especially in branches. All this shows a high level of commitment from both parties, the bank on the one hand and the employees on the other. All managers of Human Resources departments in the banking system see human capital as an opportunity and a challenge at the same time.

ISSN 2411-9571 (Print)
ISSN 2411-4073 (Online)

European Journal of Economics
and Business Studies

July - December 2022
Volume 8, Issue 2

on the products and services sold by their employees. Banking products and services are the main elements that are included in the bonus system of every employee in the banking system, especially in branches. All this shows a high level of commitment from both parties, the bank on the one hand and the employees on the other. All managers of Human Resources departments in the banking system see human capital as an opportunity and a challenge at the same time.

Digitization and employees of the banking sector

The future is closely linked to a digital work environment. More and more customers are turning to online services, defining digitization as one of their most important strategies. There is a link between digitization and human resources in the banking system that shows that digitization does not only mean educating customers and bank staff about online operations, but digitization requires a staff prepared to take on new roles, to be flexible and productive.

How much the transformation of the bank from a traditional bank to a digital one will affect the level of employment in the banking sector remains to be assessed after a few years. We are currently facing the fact that the level of employment in 2021 (6,609 employees) has increased by 1% compared to the previous year (6,148 employees) on the one hand, and digitalization that in some way orients customers to carry out online transactions without appearing at all bank, on the other hand.

High salaries, a diverse reward system, career opportunities, very regular payments have made the banking system a very sought-after employment sector.

Dr. Spiro Brumbulli emphasizes that "Managers of financial institutions and banks today face more or less the same challenges, but in a reckless market in the sale and purchase of banking products such as Albania, the biggest challenge is the sales force, which offers traditional and innovative products." (Brumbulli, S., 2017: 19)

Literature review

Enjoyment in life and in the daily work that each of us performs is important in our lives. We spend most of our time at work, especially the employees of the banking system who have to stay overtime to complete their tasks. This study focuses on the relative importance of factors affecting job satisfaction and the impact these factors have on job satisfaction. Job satisfaction, by a number of researchers, is seen as very important, not only for people working within the organization, but also for researchers interested in this field.

Undoubtedly, the most important asset of any organization is human resources. Their performance is closely related to job satisfaction (Pardee, L. R., 1990: 54). According to the views of Abraham Maslow (1954) "Job satisfaction" means what attitude and feeling employees have about their work. Positive and favorable attitudes towards work indicate the employee's satisfaction at the workplace. Negative and unfavorable work attitudes indicate job dissatisfaction (Armstrong, M., 2006: 23).

The relationship between job satisfaction and company success has always been a research topic encountered in various disciplines, especially recently. Since the beginning of the 20th century, where the idea of job satisfaction was born, especially in various psychological and human behavior studies. One of the most famous researchers of that time is undoubtedly Abraham Maslow, who dealt with a number of theories related to individual human needs. One of his theories is "A Theory of Human Motivation" (1943). Maslow, in his theoretical analysis, presented the hierarchy of needs emphasizing that the increase in the level of satisfaction is related to a hierarchical list of needs that determine human behavior, starting with basic physiological needs (food, water), psychological and then in the needs of self-fulfillment (Maslow, A., 1943: 54).

Customer perceptions and expectations are always relative, they shape perceived service quality and influence customer satisfaction.
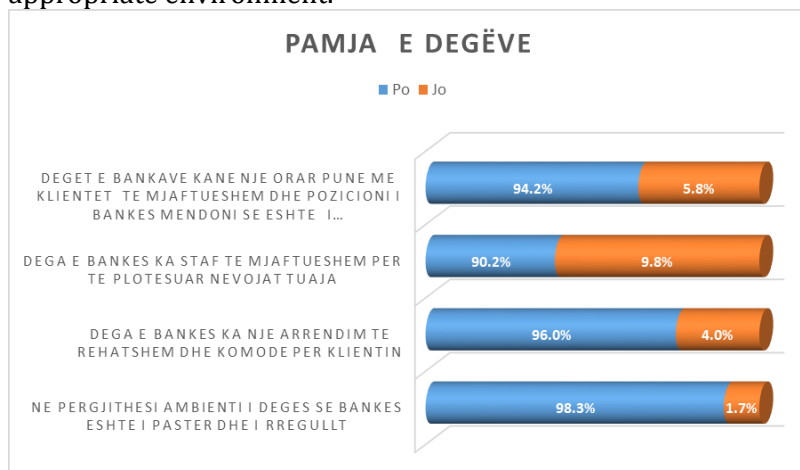
For this reason, their expectations increase and the impact on the overall perception of the company's performance depends on whether these expectations match the quality of service perceived by them or not. Based on what was said above, perceived service quality can be defined as the difference between what the customer expects and his perception of what the service company currently offers. (Philip, Hazlett, 1997: 263). The company may perceive its performance as good but this may be different from how consumers perceive it.

Methodology

The aim of this doctoral thesis is to create a link between the field of Management, leadership and Psychology, as a field of interest and part of the study program. Because these are quite broad areas, the focus is on a more specific aspect. By looking at banks from two different perspectives, as bank employees and as bank customers, discussions often arise and in this way different perspectives on banks and the services they offer were observed. As a result, curiosity arose and the need to know the philosophy of customers in Albania and the approaches to this concept. Being a second-level bank executive, i.e. a banking service provider in a particular country, in addition to wanting to understand, this research topic goes beyond that. In the beginning, the interest was focused on Customer Relationship Management (CRM) and it was decided to investigate the banking sector, since it is thought that CRM is an important strategy to be applied by banks in order to manage the different relationships that banks create with targets. different customers. After reading various literature on CRM it was noticed that this field is also very broad. In this way the focus was thought to consist of one of the many perspectives of CRM. It was decided to investigate customer service in the banking sector. In this study, the main problem is the perception of service quality in the banking sector and the impact it has on fulfilling the customer's satisfaction, achieving customer loyalty and thus the strong customer-bank relationship. On the basis of the literature review, of the examined models related to service quality and its five dimensions, the research

ISSN 2411-9571 (Print)
ISSN 2411-4073 (Online)

European Journal of Economics
and Business Studies

July - December 2022
Volume 8, Issue 2

questions and hypotheses explained in chapter I (See Chapter I) were raised. What is intended to be achieved through testing the questionnaires is that between the customer's perception and the customer's expectation there is a gap, which is a determinant of a good service quality or a poor service quality.

A key factor in the customer survey was the appearance of the branches, where about 94.2% of the interviewees stated that the working hours and the location of the branch where the bank is located are convenient for them, while only 5.8% of them thought of a longer schedule. and to take more measures for the parking of their vehicles related to the location of the branch. The result of 5.8% negative answers comes as a result because the location of the banks is different, creating favorable conditions for parking or not, as well as the closing schedule of actions with customers varies from bank to bank. A customer who prefers to go to the bank late at lunch for various reasons will always be unhappy with this fact. Or another example, the customer will choose the bank branch with the best location for him and with convenient parking, in banks that have several branches in the same city. (in our case, only BKT has two branches in the city of Korca.) As for the staff, again 90% of them appreciated the work of the staff for meeting their needs with the product or service they receive in the bank. They very positively assessed the cleanliness, regularity of the bank premises as well as their hospitality during the waiting time in the appropriate environment.

PAMJA E DEGËVE

■ Po ■ Jo

DEGET E BANKAVE KANE NJE ORAR PUNE ME KLIENTET TE MJAFTUESHEM DHE POZICIONI I BANKES MENDONI SE ESHTE I…	94.2%	5.8%
DEGA E BANKES KA STAF TE MJAFTUESHEM PER TE PLOTESUAR NEVOJAT TUAJA	90.2%	9.8%
DEGA E BANKES KA NJE ARRENDIM TE REHATSHEM DHE KOMODE PER KLIENTIN	96.0%	4.0%
NE PERGJITHESI AMBIENTI I DEGES SE BANKES ESHTE I PASTER DHE I RREGULLT	98.3%	1.7%

Conclusions

In conclusion, we can say that a good design and management of service quality can bring several benefits:

- Expanded loyal clientele through satisfaction!
- Attracting new customers by positive word-of-mouth communication!

Customer World of words Communication Personal need Subsequent experience Expected services:

> Gap 1 Delivered services (including pre- and post-contact)

> Gap 2 Eliminating perceptions of customer expectations

> Gap 3 Decomposing perceptions into service quality specifications

> Gap 4 External customer communications

> Gap 5 Perceived services

- Increased opportunities for multiple sales (cross-selling) and long-term relationships
- Employees satisfied at work, morale and commitment to the company
- Increased staff loyalty and reduced staff turnover
- Increasing the image of the corporation and possible isolation from price competition

Once the basics of customer service are mastered, when you learn how to communicate effectively and develop the skills to build strong relationships, then any customer in any situation can be handled with complete confidence. (Evenson, 2011: 23)!

Bibliography

[1] Ahmad, Z. A. and Amini Yekta, Z. (2010). Relationship between perceived organizational support, leadership behaviour, and job satisfaction: *An empirical study in Iran. Intangible Capital,* 6(2), 162-184.

[2] Anderson, E. W., & Sullivan, M. W. (1993). The Antecedents and Consequences of Customer Satisfaction for Firms. *Marketing Science*, *12*(2), 125–143. https:ëëdoi.orgë10.1287ëmksc.12.2.125

[3] Davies, J. A. (1971). Elementary survey analysis. New Jersey: Prentice Hall.

[4] Farris Paul, & Pfeifer Phillip. (2010). *Marketing Metrics: The Definitive Guide to Measuring Marketing Performance 2nd ed. Edition* (second).

[5] Fornell, C., Johnson, M. D., Anderson, E. W., Cha, J., & Bryant, B. E. (1996). The American Customer Satisfaction Index: Nature, Purpose, and Findings. *Journal of Marketing*, *60*(4), 7. https:ëëdoi.orgë10.2307ë1251898

[6] Gustafsson, A., Johnson, M. D., & Roos, I. (2005). The Effects of Customer Satisfaction, Relationship Commitment Dimensions, and Triggers on Customer Retention. *Journal of Marketing*, *69*(4), 210–218. https:ëëdoi.orgë10.1509ëjmkg.2005.69.4.210

[7] Maslow, A. H. (1943). A theory of human motivation. *Psychological Review*, *50*(4), 370–396. https:ëëdoi.orgë10.1037ëh0054346

ISSN 2411-9571 (Print)
ISSN 2411-4073 (Online)

European Journal of Economics
and Business Studies

July - December 2022
Volume 8, Issue 2

[8] Murugiah, L., & Akgam, H. A. (2015). Study of Customer Satisfaction in the Banking Sector in Libya. *Journal of Economics, Business and Management*, *3*(7), 674–677. https:ëëdoi.orgë10.7763ëJOEBM.2015.V3.264

[9] Olshavsky, R. W., & Miller, J. A. (1972). Consumer Expectations, Product Performance, and Perceived Product Quality. *Journal of Marketing Research*, *9*(1), 19. https:ëëdoi.orgë10.2307ë3149600

[10] Olson, J. C., & Dover, P. A. (1979). Disconfirmation of consumer expectations through product trial. *Journal of Applied Psychology*, *64*(2), 179–189. https:wwdoi.orgw10.1037ë0021-9010.64.2.179

[11] Parkington, J. J., & Schneider, B. (1979). Some Correlates of Experienced Job Stress: A Boundary Role Study. *Academy of Management Journal*, *22*(2), 270–281. https:wwdoi.orgë10.5465ë255589

[12] R, A. (2011). A study on job satisfaction of paper mill employees with special reference to udumalpet and palani taluk. *Journal of Management and Science*, *1*(1), 33–44. https:ëëdoi.org10.26524wjms.2011.6

[13] Sageer, A. (2012). Identification of Variables Affecting Employee Satisfaction and Their Impact on the Organization. *IOSR Journal of Business and Management*, *5*(1), 32–39.

[14] Sekaran, U. (1989). Paths to the job satisfaction of bank employees. *Journal of Organizational Behavior*, *10*(4), 347–359. https:ëëdoi.orgë10.1002ëjob.4030100405

[15] Swan, J. E., & Combs, L. J. (1976). Product Performance and Consumer Satisfaction: A New Concept. *Journal of Marketing*, *40*(2), 25. https:wwdoi.orgë10.2307w1251003

[16] Wahba, M. A., & Bridwell, L. G. (1976). Maslow reconsidered: A review of research on the need hierarchy theory. *Organizational Behavior and Human Performance*, *15*(2), 212–240. https:ëëdoi.orgë10.1016ë0030-5073(76)90038-6

[17] Yadav, R. K., & Dabhade, N. (2014). Work Life Balance and Job Satisfaction among the Working Women of Banking and Education Sector—A Comparative Study. *International Letters of Social and Humanistic Sciences*, *21*, 181–201. https:ëëdoi.orgë10.18052ëwww.scipress.comëILSHS.21.181