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MASTER THESIS

THEME:

**ELECTRONIC BANKING SYSTEM**

**SUBJECT: ELECTRONIC BANKING SYSTEM (E-BANKING)**

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## **ABSTRACT**

Electronic business is a contemporary form of business organization, which means the intensive use of the informative technology especially of the internet. It present the most contemporary method of business, where which all the entrepreneurs tent to adopt the best positions in commerce and intensive investment in the development of business activity.

Through this paper is discussed the implementation of information system in function of electronic payments in banks of Kosovo. It is attempted to be understood how much are electronic payments used in Kosovo and the security in these payments. There are prepared two surveys where with one we have addressed to commercial banks and micro financial institutions as a provider or as an exploiter of these surveys and with the second survey we have addressed to small and average businesses in the region of Mitrovica as exploiters of these surveys. By the result of the survey are issued reports and conclusions related with the accessibility of electronic payments.

## **INTRODUCTION**

Payment is the “Crown” of every job, even to those that are made in an electronic way. In the traditional market it has been developed a huge number of payment ways for the purchased wares or the survey, while the electronic business supports all of them but also opens new possibilities.

E-business now presents a standard in industry. Internet has transformed the marketing and the commerce. Many companies have found successful ways for consulting, marketing and the distribution of the products and their online services.

Others are hesitant, because they are afraid that they might be behind the actual businesses on internet. Many activities as communication, the commission of transaction, research of the business environment as well as the cooperation with other organizations are now done through the internet or web pages.

The internet environment has changed and it continues to change the rules of the traditional business. Internet is creating high expectations of costumers and the customers are waiting closer relationships. However the emergence of the internet doesn't change the need to create strong relationship with the client. Businesses still need to attract customers, to establish faith and to create satisfaction. Companies interact with their clients to establish full relation.

Based on the internet relations should be quite different from the traditional ones and for this reason they require specialized analysis.

Internet changes the view of the costumers of the gained earnings from that relation. As a result of this, clients have transferred the elements which are physically approachable in an unapproachable environment through the internet. By doing this they try to win safety and strengthen the relation. Internet influences in two types of connections in one relation. They are grouped in technical and social elements, or structural and social relations.

Internet and other similar networks enabled new infrastructure for communication and market. These open networks link computers of different organizations with low expenses of communication and developed applications of the distribution. This motivated the businesses to transfer their primitive business in a closed network with an open network as it is the internet. So electronic business is classified in various forms: business to business, business to customer and the most significant one in the name of the business values at the government

Electronic business creates facilitation but sometimes difficulties as well for the potential traders, especially it creates possibilities of market expansion into another market which is scattered in huge geographical lines with small expenses and also the global infrastructure of communication represents one of the main earnings in the electronic business. Opened networks of the internet bring new obligations in the generation of the faith in an electronic environment.

The used materials on this paper are secondary resources, taken by previous institutions about this field as Commercial banks in Kosovo. This is a paper based on the descriptive analysis on general concepts of E-banking and its impact, while comparing E-banking with the traditional banking with the features of each and it also has been used the factorial analysis on its issues and the earnings that come from it. This paper aims to give a review on the online service of banks of the second level and to give a conclusion on the earnings of the banking sector with the implementation of this electronic system.

The paper contains 13 chapters. The first 6 chapters give a theoretical perspective on online banking services, history and its development, the products that are provided and also the advantages and disadvantages. Safety issues of the E-banking application, the way of managing risks, its categories and the most common attacks are treated in the seventh chapter. Following, the eighth chapter is that one chapter that contains the issue of E-banking, which has to do with the cost of its implementation and with the earnings of banking sector, its development, its actual state and issues. In the ninth chapter is treated the future of E-banking in Kosovo. In the tenth chapter we have to do with a study related with the electronic payments in our country. Recommendations and conclusions based in the raised hypothesis are given in the twelfth chapter.

## **CONCLUSIONS AND RECOMMENDATIONS**

Based on the above paper the hypothesis: ‘‘E-banking services have a positive effect in the earnings of the banking sector’’ is confirmed. In the Kosovo banking system during the 2006 period and ongoing there was an increase of the use of E-banking and consequently the increase of earnings of the Albanian banking sector. Authentication of this paper is supported by the below conclusions.

Initial investments in IT and security of the Kosovo banking sector have been very high, also the development of these products has required high costs in the beginning phase, but within a short amount of time, costs have been efficiently for this type of transaction.

Costs are returned in earnings for the Kosovo banking system due to the increasingly redundant use of the internet and consequently has lead in a deeper recognition of E-banking and the use of the provided online products

Increase of the number of clients. With the familiarity of banking products which are provided online by the Kosovo banking and facing the advantages of E-banking, the number of clients which use the online service has increased.

Reduction of costs for the Kosovo banking sector. With the implementation of E-banking, the second level banks have reduced the costs for the opening of the new branches, which require large expenses as renting buildings and the presence of the staff.

The promotion of Kosovo banking sector for opening online accounts from their clients with a certain percentage. This may be the reason for creating the idea of the customer of the comfort that E banking provides. Also this leads to the extra payments of the clients of banks for the services that they have been using almost for free. These clients are people with high incomes and profitable for the Kosovo banking sector.

Increment of the number of online transactions. Online transactions conducted by the clients of banks are cheaper compared with traditional transactions. This has led to the increment of these transactions since 2013 and it continued in Kosovo.