

THE DIGITIZATION OF BANKING SERVICES AND ITS INFLUENCE ON THE HOUSEHOLD MODEL IN KOSOVO

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Abstract

This study explores the significance of a business model for firms in Kosovo that can effectively include innovations from the banking industry, particularly digital services. By doing so, these businesses may integrate into the global market, where rapid advancements take place. In the initial section of this paper, definitions will be provided for the key concepts that are discussed, including the business model, advancements in banking services such as digitization, and the significance of aligning a business model with contemporary banking services. Following the theoretical section, which elucidates the fundamental concepts of this paper, the subsequent section delves into the process of assimilating novel advancements in banking services by businesses in Kosovo. It sheds light on the challenges encountered by both businesses and the banking sector in their efforts to adapt these services, as well as their endeavors to effectively communicate the latest services they provide to customers. Simultaneously, the banking sector's investments in the digitalization of services in economically advanced nations, as well as the progress made by the banking sector in Kosovo, will be showcased. Concluding this paper, suggestions are provided that can be utilized by various companies in the nation that still possess resources to implement such service technology in the banking sector and comprehend that the utilization of digital banking services presents the opportunity for a more streamlined business administration, enhances monetary security, prevents fraudulent activities, and offers other advantages.

Keywords: Business framework, digitization of services, advancements, adjustment

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1. Introduction

In previous times, prior to encountering this current phenomenon, firms utilized a calculator, landline telephone, notebook, and a physical compartment for the purpose of physically keeping and organizing documents. When alterations were necessary for the documents, they had to be completely reworked, resulting in additional time and expenses. The advancement of computer technology, diverse software, the establishment of the Internet, and other related factors have all contributed to the facilitation of company operations. Similarly, businesses in Kosovo embraced the practice of conducting business by using technological advancements, subsequently transitioning their operational processes from manual to digital. This is the definition of digitalization. Simultaneously, this has resulted in a decrease in expenses, expedited information retrieval, and the prioritization of enterprises to assimilate this technical progress in order to remain current. The banking sector in Kosovo has embraced the rapid pace of technological advancements to cater to consumer needs and enhance service efficiency. The digitization of services has had a direct impact on the banking sector's profitability by decreasing fixed costs, including a reduction in the number of staff and rental branches.

The digitalization of banking services enables businesses to potentially decrease their reliance on physical currency by utilizing cards and platforms like e-banking. This grants them round-the-clock access to their bank accounts, the ability to deposit and withdraw physical money as needed, and the option to contact the call center at any given time. Due to the digital services provided by banks in Kosovo, along with the increasing adoption of this sort of banking service by enterprises, the paradigm of conducting business is being transformed. In Kosovo today, numerous enterprises employ digital banking services and promote transparency by providing transaction records to anyone involved. This practice reduces reliance on physical currency, thereby minimizing the risk of counterfeit money while also eliminating the need for in-person visits to the bank. These advantages have a significant impact on these businesses. Hence, the digital services provided by the banking industry in Kosovo are directly impacting the business models of numerous companies in the nation. As a result, these companies are now compelled to alter their approach to conducting business and strive to become part of the organizations that embrace digital banking services. This transition leads to an enhancement in business performance, as it facilitates cost reduction through self-service options from their premises and provides opportunities for accessing bank account information at any given moment. Given the myriad advantageous aspects of digital banking services, numerous enterprises in Kosovo are being afforded the chance to adopt a business model that evolves in tandem with the banking sector's offerings, thus aiding in the

establishment of a contemporary economy in the nation. Given the objective of this study, which seeks to illustrate the effects of the digitalization of banking services on the business model in Kosovo and the progress of this model alongside advancements in banking services, the following research inquiries are formulated:

- What is the effect of utilizing digital banking services on the business model?
- What is the impact of firms utilizing digital services on the economy of Kosovo?
- Are digital services secure, and why is it crucial to minimize the utilization of actual currency through these services?
- At what rate is the banking industry in Kosovo keeping up with the advancements in financial services seen in countries with more advanced economies?
- Are businesses in Kosovo prepared to embrace digital banking services?
- Do technological investments made by the banking industry impact the decrease in their workforce?

2. Methodology

Throughout this paper, scholarly literature was utilized, encompassing diverse scientific publications as well as various studies and articles that have explored the phenomenon of digitalization of banking services as a contemporary subject in developed countries, along with the measures taken by the banking sector in Kosovo in this regard.

The viewpoints of several businesses from different cities in Kosovo were given and examined on the influence of implementing these services on their performance, as well as the challenges they have faced in transitioning to digital services. Simultaneously, the viewpoints of some personnel in the banking industry in Kosovo were showcased to comprehend the approach they have employed to persuade enterprises to alter their company operations with the bank and shift from manual service provision to digital alternatives.

Additionally, data gathered by specific businesses and commercial banks in Kosovo served as the source of the material for this study project. A comparative approach was employed, incorporating the data and diverse experiences of several businesses, to comprehensively comprehend their capacity to adapt to the technological advancements introduced by the banking sector, as well as the influence it exerts on the evolution of their business model.

4. Conclusions and Recommendations

The bank, as a financial institution, plays a crucial role in the growth of enterprises by providing a means to deposit and transact money, as well as offering financial support to satisfy their requirements and enhance their capital. By striving to closely align with the banking services of the era, businesses in Kosovo have consistently adjusted these services despite the challenges, demonstrating their competence and capacity to construct a contemporary business framework that evolves in tandem with banking sector advancements.

The majority of banks in Kosovo are of an international nature, and the advancements in banking services were rapid, albeit initially faced with implementation challenges. However, as they gradually recognized the significance and advantages of incorporating these services into their operations, the situation underwent a transformation. In such circumstances, it was necessary for the banking sector to exhibit a heightened emphasis on ensuring that the novel services they introduce to the market are adequately elucidated to customers and align with their requirements. This way, customers will not perceive these services solely as advantageous to the bank but also as advantageous to themselves.

Due to the swift transformations occurring in the banking sector, we have now entered the era of digitization, whereby all conceivable banking services are being conducted electronically, via internet platforms, or even through interaction with automated devices, cards, and the like. In this manner, the businesses in Kosovo are persistently transitioning their company model from the conventional one to the digital one, owing to the numerous advantages that this model offers.

This is the approach we adopted to achieve the objective of this paper, which was to present the digitalization of banking services and its influence on the business model in Kosovo. We also aimed to explore how this model aligns with advancements in banking services and gain a deeper understanding of this topic. To accomplish this, we conducted 30 meetings with businesses of diverse backgrounds in Kosovo, from which we gathered valuable insights.

The paper was segmented into multiple chapters, commencing with the elucidation and significance of assimilating innovations from a sophisticated business model. The business model was expounded upon, emphasizing the necessity for it to incorporate digitalized banking services in order to be considered advanced.

Efficiency played a key role in time conservation. In the following chapter, the process of assimilating advancements in banking services by businesses in Kosovo is outlined. This included the key players involved in the assimilation of innovative services by these businesses, who have encountered various systems and face challenges in adapting to rapid changes due to their unfamiliarity and lack of awareness regarding their significance. Consequently, due to the conviction of these enterprises regarding the benefits derived from the implementation of these digital services, they contribute positively to the nation's economy

by diminishing cash usage, enhancing formalization, promoting transparency, and providing numerous other advantages.

In the subsequent chapter, the latest developments in the digitalization of banking services were introduced, with particular focus on M-banking and e-commerce services. Additionally, the potential hazards associated with their utilization were also discussed, along with their respective benefits. Following the study conducted through company interviews, it was discovered that these two services have not yet received adequate backing, partly due to their limited availability across all banks in Kosovo.

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