

INTERNET BANKING ADOPTION AND USAGE IN ALBANIA: AN EMPIRICAL STUDY

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Abstract

The banking industry has undergone significant operational changes over the last decade, thanks to advances in information technology. The rapid diffusion of the Internet, in particular, has revolutionized the delivery channels used by the financial services industry. Commercial banks in Albania to be competitive have started to offer electronic banking services. According to Bank of Albania, at the end of 2012, 11 banks in Albania provided internet banking services. Internet banking was the only home banking service during period 2005-2010, and during period 2011- 2012 other services except phone banking were used. The number and value of internet banking transactions has increased from 2005 to 2012. The number of customers' accounts accessible online at the end-2012 was around 55,000 and constituted 2% of the total number of customers account, whereas in 2008, the number of these accounts was 11,108 and constituted 0.7% of the total number of customer accounts. The aim of this paper is to study the Internet banking usage by individual clients of banks in Albania. The objectives of this research are: to identify Internet banking services that banks' clients use and to identify the socio-demographic factors that influence the use of Internet banking. The target population was comprised by individuals that have a bank account. A self-administered questionnaire was distributed to banks' clients during November 2013. The hypothesis to be tested was: there exist any relationship between socio-demographic characteristics of the client (age, gender, residence, marital status, occupation, education level and monthly income level) and internet banking usage. To test the hypothesis chi-square test and logistic regression model was used. The results of statistical analysis indicated that banks' clients with high education level (university and master), and those with monthly income higher than Lek 90,000 were more likely to use Internet banking. The findings of this study provide useful information for planning Internet banking promotion strategies, focusing to clients with secondary education and with average monthly income.

Keywords: *electronic banking services, socio-demographic characteristics, Chi-square test, logistic regression, Albania*