

The Ministry of Education of Azerbaijan Republic

**The online banking in Azerbaijan banking system and
its effects in an economy**

Author: Jale Babayeva

Supervisor: Ramin Rahimov

UNEC SABAH

Azerbaijan State University of Economics



JUNE 2018

Acknowledgements

I would like to express my gratefulness and appreciation to everyone that have added to finishing this thesis. I am very thankful to my teacher Ramin Rahimov, for his direction, help and encouragement.

Abstract

Today conventional saving money administrations, in light of loaning and deposit taking tasks, are just piece of managing an account exercises. Because of the rise of knowledge based economy and society as data and correspondence innovation propelled, keeping money administrations have experienced significant changes amid the previous decades. The way innovation and the web have created as of late has changed the approach taken by numerous associations with a specific end goal to work and lead their business. The point of this dissertation is to discover what has influenced clients, or is as yet influencing them today, in beginning to utilize web based managing an account administrations or something else. Despite the fact that e-saving money offers numerous points of interest both to corporate and singular customers, electronic keeping money isn't without certain difficulties and issues as far as security and enthusiasm of clients.

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INTRODUCTION

Internet banking is that any client with a PC also, a program can get associated with his bank's site to play out any of the virtual managing an account capacities. In Internet managing an account framework the bank has a brought together database that is web-empowered. With headway in data and correspondence innovation, managing an account administration is likewise made accessible through PC. Presently, in the vast majority of the branches you see PCs being utilized to record keeping money exchanges. Data about adjust in your store record can be known through PCs. In many banks now a day human or manual teller counter is being supplanted by the Automated Teller Machine (ATM). Keeping money action carried on through PCs what's more, other electronic method for correspondence is called 'electronic managing an account' or 'e-saving money. Every one of the administrations that the bank has allowed on the web is shown in menu. Any administration can be chosen and further collaboration is managed by the idea of administration. The customary branch show of bank is currently offering spot to an elective conveyance channels with ATM organize. Once the branch workplaces of bank are interconnected through earthbound or satellite connections, there would be no physical character for any branch. It would be a borderless substance allowing whenever, anyplace and at any rate managing an account.

The bank essentially never closes since it is as available as your PC or PC phone. Regardless of where you are in the nation or in the world, you can visit your online bank and handle cash matters. You can even timetable to pay a few payees early as opposed to staying aware of paper bills or attempting to keep in mind when to visit a payee's site to make an online installment. Your bank will naturally send the installments for your benefit in the sums and on the dates you indicate.

There are a number of reasons that attract people to use online banking, such as lower transaction costs that is more favorable for consumers. Ease of managing activities and reducing face to face meetings are good for clients. This paper will provide both advantages and benefits for banks and customers and also related disadvantages, troubles for them. But actually these advantages are more valuable than its drawbacks and banks should increase desire of clients to usage of mobile banking. Unlike traditional banking services online banking offers more beneficial effects to customers. It reduces time wasting, loss of additional money, any lines or other problems that they can meet in banks or branches. While a great many people have at any rate known about web based keeping money, the larger part of them have most likely not attempted it yet. Perhaps this is on the grounds that we discover more solace in working with genuine individuals and genuine paper with regards to cash matters as opposed to performing exchanges in the apparently indifferent universe of the World Wide Web. Whatever the case might be, there are the two points of interest and drawbacks to internet managing an account. This article will layout these points of interest and detriments so you can either feel defended in your feelings of dread or see internet saving money as a sheltered method to rapidly and proficiently deal with your accounts.

First chapter concludes fundamentals of banks and banking services, theoretical approach to banking. Then new technology and innovations that have a great impact on each sector of economy as well as banking system. This is online banking which has already known by everyone and in each country it is used by people and business houses. It facilitates both individuals and banks work to solve problems, make payments, transfer funds, check accounts and cards, taking credits or repay installments and so on. Main trends and changes will be shown in this chapter.

Second chapter is about banking system in Azerbaijan, effects of online banking on customer satisfaction and overall financial system, future economic effects and perspectives.

Chapter I - The theoretical study of Banking and Online banking

Banking and bank services

Banks play a significant role for individuals on saving their money. Today people notice the importance of collecting money with eliminating the risk of loss. Thus, banks offer several services to those who wish to save their cash safely. Banks are financial organized institutions that they also lend money to people who want to receive it for some business activities or other various purposes. So bank can be called a financial intermediary between customers, it gets money as deposit and lend out cash in the form of loans to general public or business communities whenever demanded. These functions are considered primary bank functions. Banks have service and profit orientated approach that provides easy payment system and they facilitate money circulation. A bank is considered an integral part of modern economy so it has a great impact on the economic development of each country. Primary functions of banks create interests to customers that promotes saving habits among people therefore bank accepts deposits from individuals or businesses for keeping safely for the future use. And banks should evaluate the repayment ability of the borrowers whether they are eligible then banks extend the loan to those. A bank lends money at a higher interest rate in order to make the source of revenue and gain profit. Providing security is one of the most important purposes of banks so there is no need for keeping money on hands instead of safekeeping in a bank account. Banks also provide advances to business houses for short term and long term objectives. With various useful services from customer perspective banks play an important role for raising the standard of living of public.

However there are a number of other objectives and services that are provided by banks. Bank acts as financial intermediation by channel savings from depositors to borrowers, the process of creating loan from deposits through asset transformation and generating extra income by repeatedly lending, this is called money creation. Bank arranges payment services and involves various payment systems that facilitating transfer of funds for transactions and electronic settlement systems. Banks manage payments by cheques instead of currency. Apart from payment arrangements, bank suggests other services such as foreign currencies for making internationally debt financing. Bank's payment systems also handle payment services to large corporations and government financial organizations for goods and others. Globally, banks are expanded their payment networks so these financial institutions facilitate electronic transactions and settle payments according to the customers' requests.

There are a number of other financial services including investment activities, insurance services, cash management, letter of credit and so on. Customers use securities related activities that suggest investment products with more income and also with higher risk, than deposits. In order to keep consumer relationships many banks propose these investment products, but traditionally they should be settled by non-bank institutions. Investment banking function involves a various types of financing and banking opportunities, such as direct investment to the corporations. There is also brokerage service that including the purchasing and selling of bonds on behalf of consumers. Commonly, deposit collection and payment arrangements, treasury services to large organizations are handled by banks and this creates cash surplus. On the behalf of the consumers banks offer a letter of credit which provides payment guarantee and actually this payment depended on the amount of money that considered in a letter of credit. Banking insurance preserves customers from any financial failure when the bank is not able to meet its commitments to depositors.

Online (internet) banking, main characteristics of online banking

Online banking is increasing its expansion all over the world in recent decades. There is presumably that the further we go into the future, the more imperative web is getting to be in nearly everyone's lives. Because of this quick development in innovation, banks have modified the manner by which they work more, convey administrations to their clients. Internet based saving money administrations, or all the more normally known as web managing an account, have progressed toward becoming progressively huge.

Innovation has effects on the lifetime of each individual subjectively and quantitatively in the present time. The fast enlargement of data technology has soaked up into the lives of a huge number of individuals and presented significant changes in the overall monetary and business sector. Mechanical improvements in the saving money segment have speeded up correspondence and exchanges for customers. Online banking is one of the advances which is quickest developing managing an account currently a days. It is outlined as the arrangement of data or administration by a bank to its clients via the internet. It is seen as a supplemental direct utilized as a part of conjunction with other channels to give the accommodation of keeping money whenever from home or work, without incurring a number of the prices related to a branch visit like attending to the branch or looking out for lines. Remote managing an account, thought about agent for the new economy, comprises of electronic exchanges amongst clients and their bank.

Electronic managing an account, more normally known as e-managing an account, is the most up to date conveyance channel for keeping money administrations. The term had been characterized from multiple points of view by researchers primarily in light of the fact that electronic saving money alludes to a few

kinds of administrations through which clients can ask data and execute exchanges by means of phone, computerized TV, PC or cell phone. Web based saving money dispenses with physical and geographic limits and time restrictions of saving money administrations. Likewise as contrasted and conventional keeping money work is supplanted by machine fundamentally that is low in cost and is accessible effortlessly day in and day out. E-managing an account benefits initially rose in the mid 1990's, when master card, ATM, and phone saving money administrations were three noteworthy applications. Amid the most recent decade, database, data framework and different innovations were connected into keeping money administrations at various levels. With the expanding prominence of the web, an ever increasing number of enterprises are looking for approaches to use this famous medium with an end goal to stay aware of the changing innovative inclinations of their clients. The conceivable outcomes of the web are apparently perpetual and the keeping money industry has concluded that it won't be deserted. While a great number of people have at any rate known about internet keeping money, the dominant part of them have likely not attempted it yet. Possibly this is on account of we discover more solace in working with genuine individuals and genuine paper with regards to cash matters as opposed to performing exchanges in the apparently indifferent universe of the World Wide Web. Whatever the case might be, there are the two points of interest and inconveniences to internet managing an account. This article will layout these favorable circumstances and disservices so you can either feel defended in your feelings of trepidation or see web based keeping money as a sheltered method to rapidly and productively deal with your funds.

Internet banking penetration is enlarged in all over the world and now we look at for chosen European countries in 2017 statistics. The table below shows this statistics:

	Share of individuals
Norway	92%
Denmark	90%
Netherlands	89%
Finland	87%
Sweden	86%
Estonia	79%
Luxembourg	76%
United Kingdom	68%
Belgium	67%
France	62%
Austria	57%
Germany	56%
Spain	46%
Italy	31%

Source: statista.com

This measurement shows the internet keeping money entrance in European nations in 2017. That year, it was discovered that 92 percent of the Norwegian populace get to web based managing an account locales, making Norway the nation with the most grounded web saving money entrance in Europe, trailed by Denmark and Netherlands. Web based keeping money is getting to be a standout amongst the most prominent installment strategies in Europe, permitting clients of a bank or other monetary organization to build up an extensive variety of budgetary exchanges through their sites. After some time, Europeans' trust in this electronic installment framework has expanded. In the interim, the utilization of physical money is encountering a noteworthy lessening in a few nations, for example, Germany or Austria.

Online banking enables its client to play out various managing account exercises, which are ordinarily led through a nearby office, at the solace of one's decision by utilizing the web. Online banking is more ordinarily utilized expression for web based saving money and all through the staying of this thesis these two terms have a similar significance and are consequently utilized conversely. The greater part of the banks that offer online banking administrations are customary banks which additionally have a number of branches scattered around a specific nation or even abroad. There are likewise a few banks which don't have a physical nearness yet work just through the web.

Online banking differs from traditional banking system for numerous points of interest. Unlike online banking traditional banking provides financial transactions by face to face interaction. Settled timetable, badly arranged locations and restricted money related items offer are caused a portion of clients' downside from conventional banking. In contrast to online banking business exchanges can be doing by only a tick from anywhere and anytime if there is internet access. Actually the main reason is that the usage of electronic banking makes individuals' life much convenient and easier with no any verbal interchanges and no long line in the queues. By remaining

at home clients can deal with any records about their bank accounts and this banking service through internet is available 24 hours in 7days, these services can be other primary preferences of online banking. The advanced form of online banking began with the utilization of automatic teller machines and a short time later it created online banking, so it is the best for financial transactions. Online banking can be managed by computers, mobile phones, television with internet access. Web banking characterizes as banking administrations, for example, fund transfers, credit applications, account adjust request and also view exchanges histories gave by banks through internet.

Online banking has numerous characteristics like benefits for both banks and users and also drawbacks. Initially advantages of online banking can be noted such as

- To prevent the loss of time and waste of money,
- giving several approaches to worldwide banking,
- ensuring efficient cash services during the time every minute of the day from wherever via web access,
- reduced fraud,
- protection, trust and security

are also important factors so it insure advances security system. The essential favorable position of web banking is to spare time and cost. There is no need waiting for a huge number of people in lines and wasting time. Transaction costs are lower than traditional banking and this also has an effect on increasing the usage of online banking by public. People concern about safety and security issues so lack of protection system can be a reason for declining to apply online banking services by individuals. Thus, web banking administration should be attentive to protect clients' private information from any harm and if this issue is provided more people will be attracted to online banking services.

Online banking can be considered a critical part of modern life and greatest utilized by the users thus there are a number of ways for implementing this service. The client can perform money related exchanges on a protected site worked by the bank. Online banking suggests highlights, for example, loan applications, fund transfers, e-bill installments and record conglomeration enables clients to detect every one of their financial records in a single place.

Telephone banking is another method of online banking which give a chance for clients to carry out transactions on telephone. Phone banking frameworks utilizes robotized noting framework with keypad reaction or voice acknowledgment capability. To demonstrate personality customers should give some paroles or replying the inquiries asked by the call representative.

Short message service is also a type of method of online banking that allows banks to choose banking services from the clients portable by the SMS messaging. There are two kinds of messages that are push and pull messages. Push messages are sent by the banks for alarming customers about new suggests, marketing messages, alerts to occasions occurring in customers record, for example, huge measure of withdrawals from ATM or loan application and so on. Otherwise, there are some services that can be provided by pull messages so those are sent by the customers to bank for having some data or to play out an exchange in their account. Examples incorporate record adjust enquiry, requesting for current trade rates and for new suggests.

Secure message alert is one of the main reasons that supports to use online banking, therefore you can get warnings related to your account. Sometimes these messages can be irritating and trifling but still they have necessity for sparing and simplifying your time. For example, you may have information about when

- exchanges are finished or denied,
- there were fizzled endeavors to sign into your record,

- a bill installment date is drawing nearer,
- your bank adjust is achieves a predefined target sum,
- subtle elements of your record were changed

This service is also useful when any suspicious accidents occurs to you, it's useful to have a prompt alarm since holding up too long can have tragic results. That being stated, even the paltry cautions can be helpful in the correct circumstances.

Online banking also carries some risks and these problems are as following:

- Safety
- Site disruption
- Site navigation
- Client apprehension

And now the risks are clarified.

Whereas banks normally propose to lead business transactions, they don't promise fixed safety. Even if sites are secured, they might be powerless to Internet lawbreakers who endeavor to hack into account so receive your money related data which is in your account. It may prompt deceitful utilization of your business's character and conceivably cost you a huge number of dollars.

There maybe site disruption that happens when technical glitch can make the bank's site go disconnected for a timeframe, potentially bringing about issues to your business account. For instance, you may require prompt supports after typical managing an account hours to influence an installment or crisis business to buy. Routine site support additionally happens, in spite of the fact that this regularly happens amid off-top hours.

Site navigation is another downside if you are new user of online banking, it might set aside some opportunity to get accustomed to it, removing significant time from your work day. Countless suggestions are provided by online banking, so dissatisfaction may happen while you're figuring out how to explore the webpage. Banks likewise refresh website pages to include new highlights, requiring extra learning and perhaps the need to change record numbers and passwords. In the event that you require help, you may experience an extensive hold up when utilizing the bank's phone client benefit line.

Client apprehension is that some entrepreneurs don't feel convenient with setting essential money related data into an online record, or might be uncertain about utilizing the Internet. In case you're a long-term entrepreneur who is accustomed to doing keeping money face to face or even by phone, this obstacle may be hard to overcome.

Online banking from the customer perspective

Clients are the key benefactors for the achievement and survival of any business and this is the same for managing an account division too. In this way, require emerges to fulfill the clients as well as likewise to hold them since it might prompt expanded benefit and better execution of banks. Besides, clients are moving from conventional saving money to web based managing an account extremely quickly in view of different advantages, for example, cost and time adequacy. Consequently, it is required to think about painstakingly the expanding hugeness of web managing an account, with its affect on consumer loyalty and business execution.

The Internet has turned into a fundamental piece of individuals' everyday lives. It has changed customer manners from numerous points of view, including money related exchanges in the past requiring a visit to a bank office to accomplish. Business banks have been in the cutting edge in using this to address client issues for on-request money related services. Today, a tremendous assortment of things should be possible internet relying upon the client's objective, from access to data, stimulation and manage monetary exchanges that once in the past required an attendance to the bank. Consumer loyalty and client benefit conveyance are key component for banks to determine client procurement, maintenance and increment bank benefit. New innovations empowered banks to serve and help clients in branches, as well as anyplace on the planet whenever and through any conveyance channel a client cares to choose. With the comfort of computerized channels, clients are going to branches less regularly and they utilize on the web and versatile innovation for their saving money needs more frequently. On the web and versatile saving money are developing quickly while branch significance decrease quickly.

Internet banking service quality is otherwise called e-service quality and several studies have established that service quality is a very significant aspect in customer service. It is additionally a key factor in business productivity and survival. Service quality has become a huge differentiator in numerous leading associations. Factors, for example, improved accessibility, reduced costs, better organization, and time sensitivity are key drivers of saving money services. Conventional service quality is defined as customers' attitudes or beliefs concerning the degree of service excellence given at associations physical facilities in this case bank branches.

Customer satisfaction makes reference to a short term inspirational state of mind that can change attributable to different conditions. Satisfaction is defined as an evaluation in view of understanding on how far his desires of the general usefulness of administrations were satisfied. It is to a great extent uncovered that customer satisfaction is appeared because of rehash buying, eager exertion in acquiring the

item being referred to. Another definition can be customer satisfaction as the organization's capacity to satisfy the business, enthusiastic and mental necessities of its customers. Customer satisfaction levels shift as they have diverse states of mind and encounters as apparent from the organization.

Bank customer satisfaction is viewed as banks completely meeting the customers desire; it is additionally said to be an inclination or attitude framed by bank customer after administration, which interfaces the different buying conduct customer satisfaction apparently is a perspective that customers have about an organization when their desires have been met over the lifetime of the item or administration, it is then observable that satisfaction gives off an impression of being amongst pre exposure and post-introduction of attitudinal parts and fills in as a connection between the different phases of customer purchasing conduct.

Customer satisfaction has gotten wide consideration as a vital variable in business procedure in an extremely unique and aggressive market. This examination approaches customer satisfaction in a procedure point of view in light of the fact that in web based saving money, customers' assessment of value occurs amid the conveyance procedure.

Consumers generally have been fundamentally influenced in a positive way by E-banking. A large number of the customary errands have now been completely computerized bringing about more prominent simplicity and solace. They are as follow:

- Customer can pull back money whenever through ATMs that is presently generally accessible all through the nation
- Besides pulling back money, clients can likewise have smaller than expected banks proclamations, adjust request at these ATMs
- Customer's record is amazingly open with an online record

- Through Internet banking client can work his record while sitting in his office or home. There is no compelling reason to go to the bank face to face for such issue.
- The Growth of Visa utilization additionally owes extraordinarily to E-banking. Presently a client can shop worldwide with no need of conveying paper cash with him.
- Banks are accessible 24 hours every day, seven days a week and they are just a mouse click away.

In any case, branch managing an account is as yet favored by clients with regards to getting keeping money exhortation. Despite the fact that the web and versatile does not totally supplant other channels, they have progressed toward becoming of late the predominant means for purchasers to cooperate with their banks. Consequently, there is most likely that sooner rather than later electronic saving money will certainly conquer conventional saving money.

Chapter 2

Banking system of Azerbaijan, online banking and its economic effects

Modern Azerbaijan banking system, and main trends on their activities

The presence of the advanced economy of any nation is unthinkable without proficient managing an account framework. Banks are monetary organizations characterized as undertakings that connect with purchasing and offering of budgetary resources, which manages stores, loan out these stores as credits and related with other money related administrations. In spite of the noteworthy development in the economy and administrative changes over late years, managing an account division of Azerbaijan stays little in connection to the extent of the economy. Despite the fact that oil area is going about as the fundamental marker for nation's improvement, the Azerbaijani government is sought after to create of the non-oil segment. To diminish the economy's oil reliance saving money part should assume a critical part. The Azerbaijan managing an account division had confronted numerous progressions in the wake of picking up autonomy. Consistently, even there have been various directions, changes, merger so as to create keeping money framework Azerbaijan saving money framework still needs changes. Regardless of substantial number of banks, the Azerbaijan keeping money segment is commanded by couple of enormous banks. Therefore, the 10 biggest banks hold 80 % of aggregate piece of the overall industry of advantages, stores and credit portfolios.

Analytical Group of Report News Agency has arranged positioning of banks situated in Azerbaijan on volume of assets starting at July 1, 2017 and on net profit in 2017.

The table below demonstrates top 10 positioning of the banks:

	Banks	Assets (AZN)
1	Pasha Bank	3 333 835
2	Capital Bank	3 190 574
3	Xalg Bank	1 845 887
4	ASB Bank	935 523
5	Access Bank	872 635
6	Bank Respublika	779 396
7	Unibank	702 406
8	Rabitabank	667 857
9	Atabank	609 875
10	Turanbank	521 481

The table shows on net profit in Azerbaijan, 2017:

	Banks	Net profit (thsd AZN)
1	IBAR	806 004, 00

2	Capital Bank	94 840, 00
3	Pasha Bank	58 994,00
4	Xalg Bank	17 607, 00
5	Yapikredi Bank Azerbaijan	10 110, 00
6	Bank Melli Iran-Baku	6 923, 00
7	Bank Avrasiya	6 351, 00
8	VTB Azerbaijan	4 753, 00
9	ASB	4 357, 00
10	Gunay Bank	4 009, 00

Exercises of the managing an account framework in Azerbaijan is directed by the Law on Banks. This law characterizes adaption of keeping money framework law to the universal gauges, to build up the part of managing an account framework in the economy, reinforcing the privileges of investors and leasers, to guarantee steady and secure working of the saving money framework, outline standards of directions and liquidation of banks. As indicated by this law, managing an account framework in Azerbaijan is two-stepped– which comprises of the Central Bank of Azerbaijan and credit establishments. National Bank which is on the best is the national bank of the state and its exercises and the action of the credit associations are managed by the Constitution of the Azerbaijan Republic and by other lawful acts. As per the enactment The Central Bank offers permit to the keeping money exercises, controls and completes supervision of managing an account movement in the way recommended by the law. Credit associations make second step of the keeping money framework. Saving money exercises of credit foundations in the nation region are executed by the Central Bank permit. Credit associations comprises of banks and non-bank credit associations.

In the 21st century, looked with the developing difficulties of globalization, Azerbaijan has entered a phase of dynamic change in all circles of social life set apart by fortifying political security, dynamic improvement of the national economy, progresses in expectations for everyday comforts, and the nation's predictable reconciliation into the world economy. A viable factor of reasonable monetary development is the presence of a legitimate, aggressive, sound and stable managing an account framework, whose arrangement is among the vital assignments of the Azerbaijan state. The financial and legitimate condition and the venture and business atmosphere as of now rising in Azerbaijan make great open doors for guaranteeing subjective development in the managing an account segment in light of positive macroeconomic pointers and experience picked up by household banks working in economic situations, and for quickening its combination into the world keeping money framework as per current globalization demands.

The national managing an account framework today is a standout amongst the most fundamental piece of Azerbaijan's market economy. Central bank and credit institutions guarantee for all intents and purposes continuous settlements between all parts of economy, redistribute briefly surplus supports and perform other managing an account capacities in close and steady cooperation in the market with each other and with the outside condition. These parts constitute a solitary framework intended to benefit money related dissemination and joined by regular capacities and purposes. This is likewise affirmed by the presence of a typical legitimate and administrative structure: keeping money enactment, which decides the lawful status of the key components of the managing an account framework and the standards of their communication and controls the most stable sorts of connections between them.

Central Bank has important freedom for playing out the elements of a national bank. Its primary errand is to guarantee value soundness inside the extent of its power. Another real errand is to guarantee the solidness and advancement of the keeping money and installment frameworks. What's more, the CB licenses, manages

and controls the exercises of business banks, and furthermore has the circumspection to decide and execute the state's money related and conversion scale strategy.

Among Azerbaijan's credit organizations, the main part is played by commercial banks. On the off chance that the time of 2016 was a genuine test for Azerbaijani banks, at that point 2017 turned into a time of changes for them, adjustment to new financial substances and arrangements for facilitate development. By and large, the previous couple of years have been rich with bank-related occasions. The previous year was not a special case – the foundation of managing an account ombudsman, the Financial Literacy Council and the Azerbaijan Credit Bureau LLC were set up. Licenses of a few banks were additionally renounced in 2017. When all is said in done, after the troublesome time of 2015-2016, the managing an account part started to recoup slowly, and it was watched all the more plainly in late 2017. Right off the bat, the area has reestablished its productivity – toward the beginning of November 2017, net benefit of banks added up to 549.6 million manats when contrasted with the loss of 1.7 billion manats in 2016. The total capitalization of banks has developed from 1.9 billion to 3.1 billion manats. The quantity of bank representatives has additionally expanded.

In the change time frame, the republic's managing an account area experienced an auxiliary and hierarchical change, whose principle patterns agreed with the general advancement designs in the progress countries. Banking rules were refreshed, bank effectiveness enhanced, costs were supported, bank income and net benefit relentlessly expanded, and current items and innovations were presented. These activities have brought about the formation of a cutting edge keeping money framework in Azerbaijan equipped for working in economic situations and appropriately reacting to client needs and to the progressions in progress in the nation.

It ought to be noticed that the upturn caused by the general financial recuperation in Azerbaijan and by rising family unit wage as of late has reinforced

the positive patterns in the keeping money segment. Measurable information demonstrates that at this point this part has gained verifiable ground in the principle quantitative and subjective parameters. The capital base of credit foundations has been reinforced, and the supply of imaginative keeping money items and administrations has expanded. Development of aggregate bank resources has been combined with a change in their structure and quality. These procedures have been joined by a change in the saving money segment's authoritative and institutional structure. New laws have been received in the previous four years: on banks, the Central Bank, home loan and bank store protection. The Law on Currency Regulation was additionally changed; specifically, confinements on the fare of money have been facilitated. Residential banks have begun executing universal models of corporate administration and revealing structures.

Yet, regardless of a change in the circumstance and the triumphs accomplished in Azerbaijan's managing an account division, its present state ought not to be overestimated. There are as yet numerous issues in this division. A SWOT analysis of the qualities and shortcomings of business keeps money with an appraisal of the open doors for their further advancement and the dangers postured by potential dangers has created the accompanying outcomes.

Strengths:

- extensive variety of banking items and administrations
- created correspondent network
- chances to fund great projects
- utilization of current data innovations
- appropriation of monetary bookkeeping benchmarks by and large reliable with worldwide guidelines

- arrangement of bank card administrations and presence of ATM framework
- frail reliance on world money related market assets

Weaknesses:

- absence of an obviously figured improvement strategy
- low level of money related intermediation in the country's economy
- high loaning rates
- low transparency of offer capital structure
- low capitalizations, constrained chances for covering bank dangers
- low investment of business banks

Opportunities:

- government expectations to quicken the improvement of the non-oil segment of the economy
- selection of new and develop powerful administrative acts straightforwardly or in a roundabout way identified with the managing an account framework
- increasing investment climate
- extending access to long haul assets because of the fascination of foreign speculation and household funds
- increasing in credit portfolio quality
- spread of e-installments, web and versatile online banking, facilitate computerization of saving money activities

Threats:

- monopoly trends and certain troubles in doing business

- inflationary desires, high level of dollarization
- absence of quality borrowers
- changing client preferences
- deficiencies in recovering credits

The introduced appraisal of the condition of the residential saving money segment demonstrates that today, close by an entire scope of positive variables helpful for its further advancement, there is a mass of components which either as of now apply a negative effect on the strength of budgetary establishments or can have such an impact in the long haul. This incorporates, in any case, high credit and remote trade dangers, unacceptable level of lender insurance and administration quality, moderately low bank liquidity and capitalization, deficient open trust in banks, a lack of long haul assets, high expenses of saving money, its low speculation allure and feeble collaboration with the creation segment, predetermined number of financing sources, moderate usage of corporate administration systems, deficient straightforwardness of credit establishments, their insufficient value support in modernizing and retooling endeavors, and furthermore in the securities showcase. A few snags to the improvement of the managing an account framework are related with flaws in the administrative and administrative frameworks. In any case, all in all, the present qualities of the republic's keeping money division to a great extent balance the dangers that may anticipate it later on, while the accessible openings, combined with more stringent managing an account enactment prerequisites, can alleviate its shortcomings.

Monetary globalization postures new difficulties for the national saving money framework, which is because of the developing impact of the outside condition on forms at work in the Azerbaijan economy. The household keeping money area's inclusion in budgetary globalization is clear from the expansion in outside obtaining,

wide utilization of present day data and managing account advancements, change to worldwide bookkeeping and examining gauges, and Azerbaijan's dynamic support in universal monetary associations. In this circumstance, the republic's business banks are looked with the need to address an entire scope of new issues, among which I might want to name the most noteworthy ones.

The development of issue advances, both for people and legitimate substances, has been seen in Azerbaijan since February 2015, when the principal downgrading of the national cash happened. Starting late October 2017, past due credits represented 15.55 percent of all advances issued in the nation. This is very nearly 1.9 billion manats (an expansion of 37.4 percent amid the year) out of 12.15 billion manats [information of the Central Bank].

Foundation of the Banking Ombudsman is one of the turning points of 2017. In the meantime, it is normal that based on the organization of saving money ombudsman, the establishment of monetary ombudsman will show up in the nation, which will illuminate question amongst banks and their clients, as well as will think about a more extensive scope of issues identified with business.

An increase of non-cash payments: The Ministry of Taxes, FIMSA and the banks themselves actualized different measures to empower non-cash installments out 2017. Business people's money activities have been limited since 2017. In this way, the tasks of business visionaries associated with the regions of exchange and public catering have been restricted to 30,000 manats for every month, which had a month to month turnover of in excess of 200,000 manats inside a year. This cutoff is 15,000 manats for every month for different citizens.

In the mean time, crediting, installment of managerial fines, monetary sanctions, charges, taxes, customs obligations, insurance installments, issuance of advances and installment of obligations for renting activities, pensions and others has been exchanged to non-money shape since 2017.

In addition, for the getting the money for of assets, business visionaries must pay impose from the source in a rearranged method at a rate of one percent of the sum they changed.

Every one of these measures prompted an expansion in stores in ledgers of, basically, business people, and banks got extra finances for the issuance of credits.

Solidification of banks:

Arrangements about the need to solidify the banks that have proceeded for a long time, at long last delivered a few outcomes in 2017.

In spite of the fact that the quantity of consolidated banks could be all the more, considering the dynamic arrangements that occurred a year ago, yet practically speaking, it went poorly than talking.

There was just a single merger a year ago – the merger of Ata Bank and Caspian Development Bank was finished.

Therefore, Caspian Development Bank was exchanged and its advantages were exchanged to Ata Bank. This empowered Ata Bank to fundamentally expand its money related markers.

One of the members of the part, which could likewise converge with another bank, was Demir Bank. These designs were not actualized, in light of the fact that FIMSA disavowed the permit of the bank in December 2017. Therefore, after one solidification and disavowal of one permit, there are 30 members in the managing an account part of Azerbaijan.

To begin with change in the historical backdrop of Azerbaijan's managing an account part:

Non-bank credit association PARA showed up in Azerbaijan in March 2017. This is a vital occasion of the previous year, since this is the main bank in the

historical backdrop of the Azerbaijani keeping money division that transformed into a non-bank credit association.

Parabank's permit was disavowed in 2016. In any case, not at all like different banks, it chose to proceed with its exercises. Rather, the bank spoke to the controller for a permit to work as a non-bank credit association. This is the main such case in Azerbaijan, however maybe not the last.

New phase of recuperation of the IBA:

The International Bank of Azerbaijan is currently recuperation since 2015. The nation's greatest bank effectively finished the rebuilding of remote liabilities worth \$3 billion out of 2017.

The earlier year turned into a preliminary one for the bank before being set up for privatization. It is normal that this year the International Bank of Azerbaijan, the larger part of offers will be sold, of which is possessed by the administration spoke to by the Ministry of Finance.

Who will end up being the purchaser of the bank is, obviously, obscure, however the European Bank for Reconstruction and Development (EBRD) has just indicated enthusiasm for it. EBRD President Suma Chakrabarti said that the money related association is prepared to partake in the privatization just if there should be an occurrence of changing the corporate administration framework. The EBRD isn't another player in the Azerbaijani managing an account area, and it is an investor of a few banks in the nation. It likewise claimed a piece of offers of DemirBank, which was shut in late 2017.

The managing an account part of Azerbaijan still has issues – banks need to take measures to continue development in crediting, drawing in stores. Obviously, incredible work is sitting tight for banks and the controller regarding reestablishing open trust in banks. In the course of recent years, much has been done to enhance the

circumstance in the segment: new laws have been received, and old ones have been modernized and supplemented.

Much has been done, however more should be finished. Notwithstanding, the activities and measures executed in 2017 give trust that in 2018, the phase of recreation and advancement will start in the saving money part and the economy in general.

2017 turned into a time of dynamic adjustment for Azerbaijan's keeping money segment for PASHA Bank.

In 2017, Pasha Bank saw dynamic adjustment of circumstance in the keeping money advertise and a consequent development of customer activities. In such manner, an adjusted financial strategy, the work to build open trust in the national money, fortified control over the hazard administration framework, and additionally activities went for expanding the capitalization in the nation's keeping money area and enhancing prudential standards impacted the recuperation of the market.

Touching upon the movement of PASHA Bank in 2017, regardless of a few challenges, a year ago can be viewed as effective for the bank.

Concerning PASHA Bank, regardless of specific challenges related with change to another keeping money framework, we finished a year ago effectively. The bank's benefits surpassed 3.6 billion manats, and the advance portfolio developed to one billion manats, as we anticipated at the earliest reference point of the technique's usage. The adjust on customer accounts achieved 2.8 billion manats, and the arrival on value surpassed 25 percent, which is a decent marker."

PASHA Bank, established in 2007, renders a scope of corporate saving money administrations, including issuance of credits, activities in the securities advertise, resources administration, and treasury administrations.

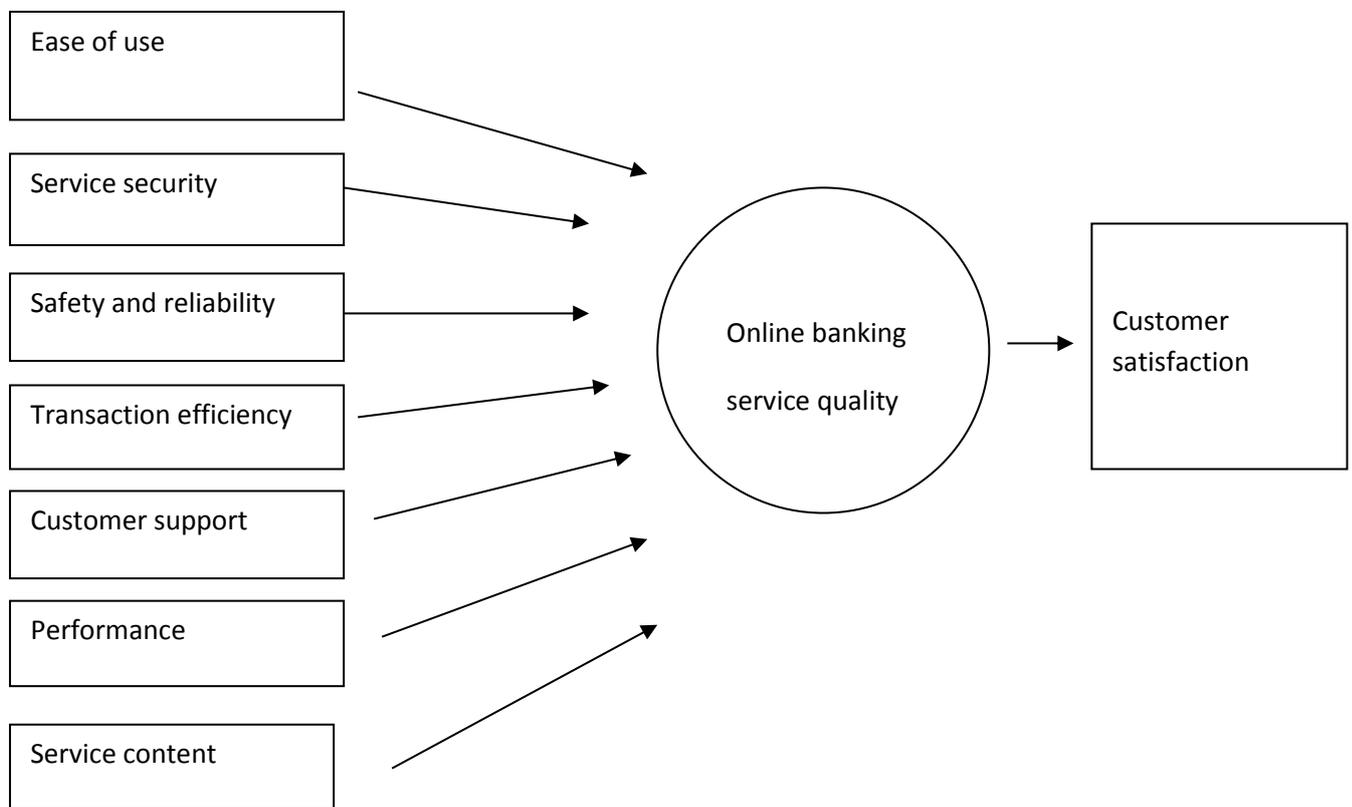
Innovation in Azerbaijan banking system, online banking and the effects of it on customer satisfaction

Little scale review uncovered the accompanying outcomes behind the low level of Internet Banking appropriation in Azerbaijan. The present economy is exceptionally aggressive and with the customer getting increasingly mindful, customer satisfaction is thought to be the center of achievement and online innovation can be utilized to enhance benefit quality for customer satisfaction. This fast innovative advancement has driven the online channel the best for arrangement of managing an account items and administrations to their customers as this sets up, broadens and holds the relationship. It is a vital favorable position for banks to keep up incredible associations with their customers for progress.

Steady customer arranged conduct is a necessity for enhancing the execution of quality as most banks are presently to a great extent purchaser arranged rather than item situated. This empowers banks to encourage speedy exchanges and data access from any point the customer is which prompts customer satisfaction. This has guaranteed that banks are endeavoring to dependably enhance their online features as customers know about advancements occurring and interest for higher quality administrations. Banks are currently contending among themselves as well as going up against other non-budgetary foundation; this is trailed by the announcement that it is simpler to fulfill and hold a customer than to gain another one. This has made

banks continually assess themselves and guarantee that they addressing customer needs and desires reliably. In internet saving money customer is either fulfilled or disappointed in view of different components.

Customer Satisfaction is additionally conceptualized as a procedure of customer assessment as they utilize the Online Banking administrations, and this assessment depends on customer desire and achieves execution of the web based keeping money benefit quality.



Ease of use the route capacity of the site, how the connections are masterminded is well exhibited and simple to explore, the web deliver is anything but

difficult to recall, the site is straight forward and the terms of utilizing the site are effortlessly reasonable.

Service security in web based keeping money depicts the impression by the suppliers that deliver a conviction that all is good and believability. It is the flexibility from hazard and uncertainty for the customer and it includes a framework that guarantees the sentiment wellbeing in their exchanges. It likewise gives a sense of privacy where the customer knows his or her entrance to the framework and exchanges in that are private. They are guaranteed that online framework is secure from programmers and outsider invasion so they feel more quietly to utilize the framework.

Safety, Wellbeing and unwavering quality is vital to customer satisfaction as customers expect that administrations are gave right the first run through and constantly after that. It includes precision, time affectability and consistency.

Exchange effectiveness alludes to the capacity to get to the framework and discover the data they are searching for without battling and experiencing a long procedure. It is likewise alluded to as far as the nature of data posted, the time it takes to download an item, the route help of the site and culmination of the procedures is.

Performance takes a gander at the highlights offered on the site and their working capacity. It is the angle that takes a gander at the usefulness of the site rather than the tasteful inclination.

Service content manages what the bank has given on its site, what is the substance advertised, quality of it? Superb simple to utilize and comprehend content is imperative for the achievement of a site.

Critical directing components affecting IB reception in Azerbaijan are, age, living arrangement, instruction, pay, involvement and, to a lesser degree, work. In this way, youthful and instructed individuals from the populace with generally high

livelihoods include the biggest offer of IB adopters. Male Internet clients are more sure about using another administration than females, who are generally mindful of however don't utilize IB. Inhabitants of the capital Baku and other enormous urban areas are the ones who fundamentally receive Internet managing an account, for the most part because of the nearness of encouraging conditions. Experience seemed, by all accounts, to be the most promising directing component. Experienced Internet clients both see IB helpful and surmise that it is anything but difficult to utilize. Despite the fact that work does not have any noteworthy effect on reception aims, Internet clients utilized in the private division will probably embrace IB.

Encouraging components, for example, the accessibility of every minute of every day Internet at home and simple access to the Internet at work exceedingly urge Internet clients to use IB. Less-created nations clearly fall behind created and developing economies in IB appropriation rates, and this is for the most part because of poor foundation and the low IT training level of the populace. Conversely, individuals of created nations appreciate the simple access, abnormal state of mindfulness and quality online administrations gave by their banks. Indeed, factors, for example, poor framework, exaggerated costs for Internet benefit, lacking information and innovation usage abilities, and others restrict the quantity of Azerbaijani IB clients.

The effect of framework quality to an expectation to embrace IB has ended up being vital. The vast majority of non-adopters announced their discontent with the specialized characteristics of the web and portable managing account applications that they once utilized. Respondents feel disappointed with the restricted capacity to alter the versatile applications and website pages to their own needs. Along these lines, the low framework quality is another reason of low IB reception in Azerbaijan.

Social impact positively affects selection expectations. The vast majority of the IB adopters showed that individuals encompassing them (e.g. family, companions, associates, and so on.) both utilize IB saving money offices and suggest that they

utilize them. In this manner, individuals with no dynamic IB clients around are normally demoralized to embrace it. Actually, social impact is an imperative factor, particularly in Azerbaijan, where the social ties are solid.

Fast monetary advancement in Azerbaijan beginning in 2003 advanced the improvement of the saving money division. This, thus, gave a driving force to enhance the quality and scope of administrations offered to customers. Web managing an account administration for Azerbaijani shoppers propelled in 2010, long after they were presented in the Americas, Europe and in most monetarily thriving Asian nations. Since this kind of administration was imaginative and very exorbitant around then, it was displayed just in various real banks in the nation. The requirement for such development was because of two primary factors: the expanding number of Internet clients and serious market rivalry between retail banks.

Checking uncovered that almost 16 banks out of 34 offer Internet saving money administrations, while manages an account with versatile keeping money administrations can be depended on the fingers. For the most part, the IB administrations of Azerbaijani banks are restricted to recovering data about one's financial balance, seeing late exchanges and finishing fundamental exchanges, for example, card-to-card cash exchanges and paying bills.

PASHA Bank offers its clients Internet Banking administrations in light of present day advances. Web Banking empowers the clients to utilize number of bank benefits remotely by means of managing account administration advancements without going by the bank.

PASHA Bank provides 24/7 accessibility from anyplace on the planet.

- Ability to begin exchanges from any PC through signing in with the exceptional key offered to approved staff

- Reduced work heap of organization representatives, disposal of tedious visits to the bank which prompts accommodation and fulfillment of the workers

- This administration does not require uncommon equipment and programming

Driving corporate bank of Azerbaijan - PASHA Bank – has been named as the "Pioneer Bank in the field of non-money installments" in the neighborhood advertise before the finish of 2017. The honors was given inside the edge of rivalry conducted on yearly premise by the Central Bank of Azerbaijan together with the Azerbaijan Banks Association among all members of the managing an account showcase.

Likewise, the achievement PASHA Bank accomplished here in 2017 agreeably connects with the objectives and targets characterized inside casing of execution of the Development Strategy for 2018-2020. In the following 3 years, this bank expect to concentrate its endeavors on changing its business and creating advanced channels, which will empower it to achieve a subjectively new level of overhauling its clients.

It ought to likewise be noticed that around 90% of installments and outside trade activities led by corporate customers of PASHA Bank tumble to the offer of Internet Banking administrations.

It is clear that innovations in banking sector brings several benefits from the customer perspective and also banks. Online banking services can increase consumer satisfaction if there is correct usage of it. In Azerbaijan, most banks provide online banking services and in this part we can show International Bank online services.

Common information about internet banking:

Banks, overhauled in "AzeriCard" preparing focus and considering solace and economy of time of its customers, offers to you to exploit new instrument of financial balances administration - Internet Banking framework. Utilizing associated with the Internet organize PC with the assistance of this framework you will have the capacity to deal with your card records and installment cards without tending to the bank

office. Internet Banking gives additionally big conceivable outcomes in the utilization of records and cards control, which is the important component of your assets wellbeing.

Focal points of working with Internet Banking framework are:

- this is continually accessible – this framework works round-the-clock without breaks or ends of the week (24x7x365);
- from any piece of the world – access to the framework is conceivable from any PC, associated with the Internet;
- on any PC – the framework does not require extra software, any web - browser will be sufficient;
- with the higher wellbeing – utilization of one-time passwords makes relatively inconceivable the extortion tasks with your record or robbery of your cash;

System capabilities

Mobile banking provides you following services:

- General data about cards and accounts – such as data about list of your cards and record, their sorts , names, measure of assets that accessible on your each card or account

- Statement from account or card – likewise inactive ones
- Card transfer
- Installments for Mobile interchanges, Stationary telephones, Internet, Public utilities
- Card block – after this task you cannot use of this card, all services are blocked and no any operations are available for you. If there should be an occurrence of any attempt of blocked card on ATM or POS - terminal your card will be pulled back from dissemination. You should apply to the bank for unblock your card and solve this problem.
- Intermittent installments (consistent installments). The client enters particular information, chooses the recurrence of installments. Next, the framework based on this information makes the installment at interims set by the customer.
- Installment layouts. Presented early information is put away by the framework. Next time to make the installment customer doesn't have to enter the information.

The rundown of administrations inside Internet Banking will be broadly improved in future.

For find out the answer for this question that how to enlist in the framework you should do as follows. The association with the framework is conceivable in a few ways. Regardless the Card and rundown of one-time passwords is required.

Enlistment by means of one-time passwords: From any ATM of International Bank you can get the list of passwords that are one-time ones. And or doing it you

will need to embed a card in ATM then enter a PIN-code, in main menu choose services section, then select IB password list, after that ATM will enlist these passwords.

In this case you should be attentive because of one-time passwords are utilized as a part of the Internet Banking framework for motivations behind association as well as for affirmation of a few activities which you will perform in the framework. So keep the check with the rundown of one-time passwords. Enter the quantity of the installment card by which you have the rundown of one-time passwords from ATM and pick the method for enlistment by means of one-time secret word on the web page of the framework in new user registration part. Following the insights enter one-time secret word (utilize capital Latin letters and numbers as it were! the framework responds on bring down case letters as wrong) which was required by the framework, and pick (make) a login and a secret key. Thereafter by these login and secret key you will have the capacity to access to the framework. And you also should take into account that your login and password are own information so do not keep them in your computer or on other place that anyone can take it.

If you notice that somebody take your password and have access to your account you should change your password at once. For preventing this problem don't use simple passwords like your name, surname or telephone number and such other related information.

It will enable you to utilize the Internet Banking framework securely – giving difficulty of the loss of assets on your records and privacy of data about your cards and records! Additionally it will keep away from the conceivable misjudging involved with a Bank.

Despite the way that amid association of your PC with a bank framework Internet Banking utilizes the extraordinary systems of encoding information correspondence, it is important to take after such principles:

- Never keep mystery data, (for example, logins, passwords, codes and so on) on a PC!
- To work with the Internet Banking framework dependably attempt to utilize your PC just (the PC which is utilized just by you!). Utilization of different PCs (for instance, in a web clubs) or PCs to which other individuals have an entrance is unavoidable identified with the specific dangers: you don't recognize what programming is determined to these PCs (very conceivable that such PCs are tainted by particular infections proposed for the robbery of data or there is uncommon programming set by PC swindlers); you cannot make certain that information which you investigate or enter is sheltered from supervising or taking in some other way.
- Use on a PC just authorized programming and legitimate hostile to infection programs. Continuously utilize the updates of programming which are given by the relating makers. It will maintain a strategic distance from the instances of burglary of data from your PC by swindlers (for instance, by the extraordinary viral projects).

And finally if you want to disclose your account on internet banking you can apply to bank or any branches of International Bank and representative person will help you delete your account and log of your registration in internet banking system.

The economic effects of banking in Azerbaijan economy and future perspectives

Azerbaijan Banking System has changed for a long time. As of now, contrasted and the earlier years, the quantity of monetary organizations and its size were

expanded in the nation. Separately, the benefit got from the banks is additionally expanded. The measure of crediting and capital of bank additionally expanded.

Saving money over the Internet has pulled in expanding consideration from investors and other monetary administrations industry members, the business press, controllers, and administrators, both in Azerbaijan and different nations. Among the purposes behind Internet saving money's group of onlookers are the thought that electronic saving money and installments will develop quickly, pretty much pair with multiplying electronic trade; industry projections that Internet saving money will cut banks' costs, increment banks' income development, and make managing an account more advantageous for clients; and some vexing open approach issues. In spite of this consideration, there is a deficiency of precise data on the nature and extent of Internet saving money. Brokers and open policymakers alike have needed to design utilizing to a great extent episodic confirmation and guess.

The motivation behind the investigation is to create methodological, hypothetical and connected parts of the creation, advancement and control of the keeping money framework and the improvement of administration techniques of the managing an account arrangement of the Azerbaijan Republic in the time of change, giving expanded part of online banking in stimulating financial development and economic growth.

Social adoption to online banking will cause a great growth on economy of the country. Actually Azerbaijani traditional banking system may have a negative impact on acceptance of mobile banking, therefore people want to ensure that their money is in safety and they prefer to face to face connection instead of online. Whether security will be provided completely and adequate legal acts accepted online banking idea will enlarge among people and there'll be a big desire to usage of it.

The primary vital perspective of the idea is to assess the current openings and assets and achieve a phase described by practical monetary development and high

social welfare, successful state administration and law, the full guaranteeing of every single human right and opportunities and the dynamic status of the common society in the nation's open life. In 2020, Azerbaijan will be a monetarily and politically created and aggressive nation. The reason for any monetary development is to build social welfare. Starting here of view, one of the primary needs of the idea is the improvement of social circles and human capital. The extension of chances for utilizing ICT and correspondence benefits, the formation of a dependable security framework went for creating data and correspondence advances, the arrangement of national benchmarks, and online banking system will be in the focal point of consideration as one of the principle needs in the development of Azerbaijan as an advanced state.

In any case, the way that the legislature makes far reaching measures to battle against the development of issue advances, and allows to enhance the state of banks and their clients in 2018-2019. So making these changes in banking sector, will help to improve overall banking system and support the usage of online banking by many people and business sectors. With following right direction in which customer perspective and economical, financial impacts are also should taking into account and getting successful online banking strategy.

Conclusion

In this study the overall view of internet banking was shown. Electronic installments are made through E-check, Payment server, and Internet based charge presentment and installment framework. Step by step instructions to get to a web, the different method of installment, the upsides of utilizing Internet Banking and its weaknesses and how to bank online securely were altogether examined. To maintain a strategic distance from long anticipated line in banks, the clients and tired a few workers will be liberated from the difficult day value-based procedure to a matter of few moments in the not so distant future All at all in future a great many people would know how to do Web saving money.

Another imperative angle which web saving money specialist organizations should consider incorporates a more easy to use framework and additionally the way that more information about the administration ought to be given to its clients and in particular to its non-clients who think that its hard to utilize web saving money for the most part due to absence of learning about the administration. A few respondents of this overview have in actuality recommended that there ought to be recordings filling in as instructional exercises on the most proficient method to utilize the administration. What's more, client benefit in connection to web based managing an account could be enhanced by, for illustration, presenting live talks between client mind agents and web managing account customers.

Despite the fact that the larger part of the respondents trust that there ought to be no charges at all as the bank is eventually picking up when clients utilize web saving money, banks could in any event consider diminishing these expressed expenses all together for clients and non-clients to have a motivation to either begin to utilize this benefit in any case or else to utilize it all the more every now and again.

Moreover, yet not to the immense degree which I anticipated that earlier would directing the examination, a number of members have likewise specified wellbeing and security. In the event that it isn't workable for banks to additionally increment their wellbeing and safety efforts, they could ensure web managing an account clients that they can be certain that they are secure from a misrepresentation or hacking.

In conclusion, banking services, online banking system, customer satisfaction on online banking and also banking from consumer perspective in our country, modern trends and changes in this sector, future developments and directions are shown in this paper.

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