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DIGITAL FINANCIAL SERVICES

The Central Bank of the Republic of Kosovo
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www.remittanceprices.worldbank.org



The Central Bank of the Republic of Kosovo

Address: Rr. Garibaldi nr. 33,
Prishtinë, Kosovë

www.bqk-kos.org

E-mail: info@bqk-kos.org
Telephone: +383 38 222 055
Fax: +383 38 243 763



The World Bank Group

1818 H Street NW
Washington, DC 20433 USA

www.worldbank.org

paymentsystems@worldbank.org
Telephone: +1 202 473-1000

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WHAT ARE DIGITAL FINANCIAL SERVICES?

Digital financial services are services supported by new technologies. They use telecommunications for service placement through websites, mobile phones, tablets, and various communication platforms.



WHAT ARE THE PREVALENT SERVICES ON THE MARKET AT THE MOMENT?

When it comes to **banking financial institutions**, their prevalent digital services are:

- **Mobile banking;**
- **Internet (online) banking.**



MOBILE BANKING

In mobile banking, you access services through designated mobile phone or tablet apps that you download from an official Store (App Store or Google Play). These apps are protected with a PIN and supported by the service provider.

For mobile banking, you need to have:

1. A bank account;
2. A smartphone or a tablet;
3. Secure Wi-Fi;
4. Installed banking app downloaded from an official store (App Store or Google Play);
5. A PIN to access the application.



MOBILE BANKING

Without being physically present at a bank, mobile banking enables customers to:

- Make payments, transfer money and check account balance at any moment;
- Make payments via QR codes;
- Save or archive payment orders and to access account statements;
- Currency conversion between different currency account;
- Share payment instructions;
- Categorize payment orders and expenses, which helps manage personal finance;
- Get information about other financial services, use calculators, overview currency exchange rates, etc.

Additionally, different providers can offer other services as well. In practice, fees for mobile banking are usually significantly lower than bank teller fees.



INTERNET (ONLINE) BANKING

Internet or "online" banking offers the same services as mobile banking, but also a few additional ones, such as:

- Easier access to international payment services
- Readily available information about other financial products and services
- Submitting online applications for individual financial products and services
- Starting savings or investment plans
- Creating standing orders
- Possibility to chat or have a direct video call with a bank representative.

Safety Tips:

- *Be mindful of your security; avoid connecting through internet networks or visiting websites that seem insecure!*
- *Keep your PINs and tokens safe and avoid sharing them with others!*
- *If you lose or have your mobile phone stolen that you use for mobile banking or a chat banking service, inform your service provider immediately!*
- *When you log in to an internet (online) banking website, do not leave your computer unattended until you log out!*



INTERNET (ONLINE) BANKING

Internet banking takes place on service providers' websites that clients can access using a token or a username and password.

For internet (online) banking, you need to have:

1. A bank account
2. A computer, tablet, or a smartphone
3. A secure internet connection
4. Your bank's online banking website address
5. Token or a username and password that you bank provided

The fees for internet (online) banking are also typically less costly than traditional banking fees.



NON-BANKING FINANCIAL INSTITUTIONS

Mobile Payments

Mobile payment services offer different payment options, from paying bills and buying prepaid top-ups to purchasing various electronic tickets regardless of which mobile phone or mobile network you use.

For mobile payments, you should have:

1. A bank account
2. Any type of a mobile phone
3. A PIN provided by your service provider
4. Access to a network of any mobile operator

Mobile payment services do not need internet access because they use the USSD menu that is connected to your mobile number and available on any mobile phone. The service is available 24 hours a day.



NON-BANKING FINANCIAL INSTITUTIONS

Money Transfer Operators and Digital Services

Money transfer operators also provide digital services, granting users convenient access to sending money, without the need to own a bank account.

They offer services through:

- Smartphone applications
- Websites
- Facebook Messenger or some other online chat service
- Automated machines/kiosks where the sender deposits money, enters the required information to send it to a recipient, who collects the money at their location



NON-BANKING FINANCIAL INSTITUTIONS

In practice, smartphone apps are predominant for digital money transfers. MTO apps are typically available for free download (App Store or Google Play).

After setting up a personal profile and providing the required information, a sender can transfer money by selecting a sending method and entering the information about the recipient and the amount. The recipient can withdraw the money at a bank or a service agent. In some countries, it is possible to transfer the funds directly to the recipient's account.



FINTECH - NEW INNOVATIVE FINANCIAL SERVICES

Financial technology (FINTECH) is a term used to describe the impact of new technologies on the financial services industry that have transformed the traditional way of providing banking and financial services.

Fintech stands for services and companies that offer innovative financial services through modern technologies. Fintech companies typically offer payment, investment, lending, and insurance services.



FINTECH - NEW INNOVATIVE FINANCIAL SERVICES

Cryptocurrencies, smart contracts, e-cash, stable coins are terms that often appear in the context of fintech services. Fintech services are developing dynamically and expanding the scope of digital financial services offering in the financial market.

From a financial inclusion perspective, the impact of digital financial services can be transformational. Digital financial services overcome barriers related to distance, lack of time or poor infrastructure in remote areas, enabling clients to transact from anywhere. As a result, digital financial services have a great potential to enable greater access to formal financial services.



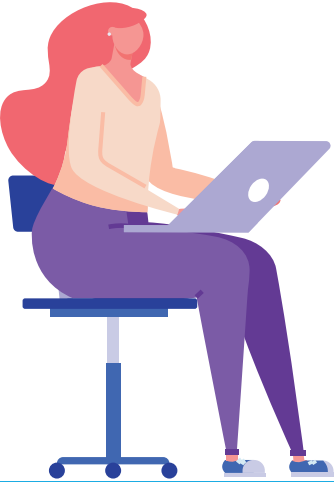
FINTECH - NEW INNOVATIVE FINANCIAL SERVICES

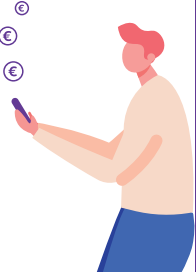
These services typically offer lower costs, allowing customers to carry out transactions of smaller amounts at their own pace, helping them manage their unique dynamics of income and expenses.

Also, digital financial service providers use data and the latest technology trends to develop more streamlined products and services and, simultaneously, educate end clients more effectively. Digital financial service providers also leverage technology to offer automated advice regarding financial decision-making about expenses, savings, and investments.

Finally, digital financial services reduce risks of loss, theft, and other financial crimes related to cash-based transactions and usage of informal providers.



Type fo Services	Advantages	Disadvantages
<p>MOBILE BANKING AND INTERNET (ONLINE) BANKING</p> 	<ul style="list-style-type: none"> √ Lower fees relative to the teller banking; √ Ability to check account balances at any time; √ Ability to make transactions through an account 24/7 ; √ No need to go to the bank. 	<ul style="list-style-type: none"> √ Mobile banking requires a smartphone that supports the bank's app; √ You can access online banking only through smartphones, tablets, or PCs; √ You need a stable internet connection while using the services.

<i>Type fo Services</i>	<i>Advantages</i>	<i>Disadvantages</i>
<p>MOBILE PAYMENTS</p> 	<ul style="list-style-type: none"> ✓ You can make payments from any type of a mobile phone; ✓ No internet connection is required; ✓ No installed mobile app is required; ✓ Ability to check account balances at any time. 	<ul style="list-style-type: none"> ✓ You cannot make cross-border payments; ✓ You cannot transfer money from an account to another bank account; ✓ You cannot exchange currencies; ✓ You can only make payments to a listed number of merchants in the country.

Type fo Services	Advantages	Disadvantages
<p>MONEY TRANSFER OPERATORS</p>	<ul style="list-style-type: none"> √ <i>The recipient does not need a bank account;</i> √ <i>The recipient does not need a mobile phone or computer;</i> √ <i>You can collect cash from any service agent (bank, exchange office, etc.).</i> 	<ul style="list-style-type: none"> √ <i>Digital money-sending services, in principle, require the sender to have a bank account or debit or credit card;</i> √ <i>The service fees depend on the amount sent and the country from which the transfer is issued;</i> √ <i>The recipient of the money must have a transfer control number, and the money needs to be collected personally at the service agent's premises.</i>





BANKA QENDRORE E REPUBLIKËS SË KOSOVËS
CENTRALNA BANKA REPUBLIKE KOSOVA
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