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Modern trends in Algerian banking services in the context of globalization

الاتجاهات الحديثة في خدمات البنوك في الجزائر في سياق التعميم

Les tendances modernes des services bancaires en Algérie dans le contexte de la mondialisation

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Introduction

The contemporary global landscape has undergone a myriad of transformations across scientific, technical, and social domains, with particular emphasis on economic and technological realms. These transformations encompass alterations in economic systems and the corresponding legal frameworks that govern them. Of paramount importance within this dynamic context is the banking sector, a cornerstone upon which the economic foundations of any nation rest. Banks, as pivotal entities, facilitate the transfer of savings between the public, various projects, and both domestic and foreign investments of the state. Their principal function involves the reception of deposits and the provision of credit, aimed at furnishing the necessary means to address account-related requirements as per the customer's needs. The anticipation is for banks to deliver services that streamline the conduct of banking operations for their clientele. Consequently, the services sector emerges as a critical and indispensable component within a market-oriented economy.

In this intricate framework, the banking sector assumes a central position in economic systems, engaging in a diverse array of activities, including transportation, insurance services, and notably, banking services. The latter, inherently intangible and rapidly evolving, are designed to fulfill the end consumer's needs. The advent of the General Agreement on Trade in Services (GATS) has played a pivotal role in the newfound concept of financial globalization, a paradigm characterized by technological advancements. Technological progress, representing a key indicator of financial globalization, has precipitated a fundamental shift in banking paradigms. This shift is manifest in the integration of information technology, telecommunications, and computer technologies, culminating in the development of electronic

banking services and contemporary banking practices that align with evolving banking methodologies, delivered with precision and celerity.

Despite the advantages accruing to banks from the rapid evolution of the financial banking sector, particularly in banking services, globalization has engendered a host of challenges. These challenges, encapsulated in the risks confronting banks, possess the potential to diminish available opportunities and profits. The ramifications of developments, changes, and studies on financial globalization reverberate profoundly within the banking system of any nation, including the Algerian banking system. Consequently, the imperative for banking system management lies in maximizing positive effects, minimizing negative impacts, and attaining levels comparable to those of developed nations that espouse contemporary banking policies and services.

This study endeavors to scrutinize the development of banking services in the context of globalization, seeking to modernize banking services and align them with successive developments imposed by financial globalization. An essential focus is placed on assessing their contribution to meeting customer needs—an integral factor for fostering growth, enhancing competitiveness, and improving the efficiency of banks.

To comprehend the evolution of banking services and their effectiveness in meeting customer needs within the context of globalization, the following research problem is posited:

What is the role of financial globalization in the development of banking services for Algerian banks?

This central problem spawns subsidiary inquiries articulated as follows:

- How will the development of banking services impact the bank's banking system?
- Do contemporary trends in banking services within the context of globalization alter the essence of the bank?
- What is the current state of banking services in Algerian banks, and do they align with the evolving landscape of banking services?

1. Hypotheses:

- There exists a positive correlation between globalization and the advancement of banking services in the bank.
- The development of banking services plays a pivotal role in transforming the banking system without altering its fundamental nature when it offers modern services.

- Banks do not rely solely on globalization for the development of banking services and specifications.
- 1. Sub-hypotheses:
 - The development of banking services is not contingent on globalization. • The evolution of banking service specifications is not influenced by globalization.

To address the research problem and validate the hypotheses, this study employs a survey method and a descriptive-analytical approach for data collection, supplemented by the case study methodology.

1. General Classification of Banking Services

The multifaceted domain of banking services encompasses various dimensions, delineated as follows:

1. **Cash Services:** These services are delivered through the execution of tasks performed by bank personnel, such as consultancy services and financial engineering.
2. **Mixed Services:** A fusion of service provision and product delivery characterizes these services. With the advent of computerization in banking operations, these services have undergone substantial evolution, superseding traditional banking services. Consulting services, for instance, increasingly rely on alternative mechanisms, such as expert systems and artificial intelligence decision-making systems. In the contemporary era, a predominant shift toward technology-based delivery is evident across most banking services.
3. **Capital Services:** Capital, in the form of loans and deposits, emanates from the financial intermediation role of the bank. These services represent key facets of the commercial and financial activities undertaken by banking institutions.
4. In a broader categorization, banks offer two primary types of services, as elucidated by Rachida Benahmed-Daho (2015):
 - **Services to Individuals:** Tailored for individual clientele, these services encompass checking accounts, savings accounts, loans, credit cards, and various investment products.
 - **Services to Businesses:** Oriented towards corporate entities, these services encompass commercial loans, letters of credit, and investment banking services.

2. Types of Banking Services

Banking services, while myriad in their offerings, can be dichotomized into traditional banking services and modern banking services.

2.1. Traditional Banking Services

This category includes the following key components:

1. **Accepting Deposits:** Representing the oldest and foundational function of banks, this involves the acceptance of deposits from diverse sources—initially from affluent individuals and presently from individuals and institutions of varied nature. This is executed through the opening of deposit accounts, including:
 - **Current Account Deposits (On Demand):** A type of deposit payable at the depositor's demand, withdrawable in cash or by check, without accruing interest.
 - **Savings Account Deposits:** Similar to current accounts, differing in withdrawal and deposit procedures and deposit size. The bank remunerates the customer with interest.
 - **Term Deposits (Time Deposits):** Withdrawals are contingent on customer requests, with the depositor precluded from using checks. The bank does not levy any commission on this account.
 - **Creating Deposits (Granting Credit):** Encompassing a spectrum of financial facilities provided by banks to customers, irrespective of temporal parameters, performance terms, and consequences for both parties. This includes letters of credit, documentary credits, economic feasibility studies, among others.
2. **Utilizing Commercial Bank Resources:** Executed through loans and investments, with a consideration for factors such as profitability, liquidity, and security. Principal forms of utilization encompass:
 - **Granting Various Loans and Advances, and Opening Current Accounts for cities.**
 - **Securities Trading.**
 - **Contributing to the Issuance of Bonds and Shares of Joint-Stock Companies.**

2.2. Modern Banking Services:

The evolution of contemporary banking services reflects an expansive trajectory in response to the burgeoning scope of banking operations. These modern services have manifested in diverse forms, as expounded by Al-Zuhaili (2002):

- **Customer Relationship Management:** Banks extend economic and financial advisory services to clients, crafting financial studies to aid in project establishment. They leverage their expertise in investments and market activities to provide comprehensive consultation.
- **Trust Services:** Entailing the management of clients' assets, including securities, real estate, and other investments. This non-depository product, among the oldest offered by banks and their counterparts, serves as a potential source for significant deposits. The trust department often attracts substantial deposits by effectively overseeing customer assets.
- **Insurance Services:** Once exclusive to insurance companies, global banks have entered this domain, offering specialized insurance services to customers through dedicated departments within the bank.
- **Cheque Cards:** Issued by major banks and endorsed by the customer, these cards facilitate cash withdrawals from other banks and branches, as well as payment of shopping accounts for goods and services.
- **Automated Teller Machines (ATMs):** Connected to a computer network, ATMs provide a wide array of cash services. Operating through magnetic cards with holder details recorded, customers can check balances and conduct transactions, as the machine interfaces directly with the bank's computer.
- **Opening Documentary Credits:** Involves the provision of loans to customers up to a specified amount and duration, granting borrowing rights within the agreed-upon period, referred to as the documentary credit.

3.The Impact of Aligning Banking Services with Globalization

The contemporary landscape of banking services is undergoing a profound metamorphosis, propelled by the relentless currents of the information and communication revolution. This paradigm shift has not only redefined the methods employed by the banking sector in delivering services but has also triggered a departure from traditional banking modalities. The advent of diverse channels, such as ATMs, point-of-sale terminals, phone, and the internet, has played a pivotal role in reshaping the efficacy of the banking sector. In the midst of this transformation, modern banking services have become synonymous with the phenomenon of banking globalization. This evolution is characterized by the liberalization of economic relations between

nations, ushering in a new perspective on the future replete with significant economic opportunities (Ameena, 2015, p. 81).

1. The paradigm shift in modern banking services: The evolution of modern banking services reflects a departure from conventional practices, including deposits, loans, credit, and document-based transactions. The proliferation of various channels, including ATMs, point-of-sale terminals, phone, and the internet, has become instrumental in reshaping the operational landscape of banking services. This transformative journey underscores the integral role of technology in modernizing and expanding the horizons of the banking sector.
2. Globalization and the expansion of global trade in banking services: The impetus behind the globalization of banks is rooted in the burgeoning global trade in banking services (Ameena, 2015, p. 82). Motivated by a quest for heightened economic efficiency and a competitive advantage, this driving force has injected new dimensions and content into the global banking arena. The resulting impact is evident in the emergence of unprecedented fields and activities, showcasing a shift from narrow realms to broader perceptions within the banking landscape.
3. Mergers and acquisitions in response to globalization: The transformative effects of globalization on the banking sector have prompted strategic responses, most notably in the form of mergers and acquisitions. This collective movement, conceptualized as clustering, integration, and cooperation among two or more banks, aims to create a unified entity (Ameena, 2015, p. 82). Such strategic collaborations signify a proactive approach by banks in addressing challenges, navigating competitive forces, and adapting to the dynamic changes catalyzed by the forces of globalization (Al-Jaousi, 2009).

4. Results of the Study

The empirical investigation sought to elucidate the intricate relationships within the realm of banking services, specifically focusing on the impact of globalization. The study formulated and tested three hypotheses, each contributing to a nuanced understanding of how global dynamics influence the development of banking services. The presentation of results follows a rigorous analysis, employing statistical tools and methodologies to derive meaningful insights.

4.1. Presentation of the Results of the First Hypothesis:

The first hypothesis posits a statistically significant relationship between globalization and the development of the level of banking services in the bank. The statistical analysis, presented in Table 1, reveals a robust correlation coefficient of 0.58, achieving statistical significance at the 0.01 significance level. This result underscores that the influence of globalization plays a pivotal role in enhancing and advancing the level of banking services within financial institutions. The hypothesis that posits a statistically significant relationship between globalization and the development of banking services is validated.

Table 1: Correlation Coefficient between Banking Service and Globalization

		Banking service
Globalization	Pearson's correlation coefficient	0,583
	Confidence level	0,00
	Significance level	0,01

Source: Prepared by the researchers, based on SPSS output

4.2. Presentation of the Results of the Second Hypothesis:

The second hypothesis examines the impact of globalization on the work environment and, consequently, the development of banking services. Table 2 succinctly presents the correlation coefficient, determination coefficient, regression coefficient, ANOVA, confidence level, and significance level between the work environment and globalization. A comprehensive analysis reveals a strong correlation (0.81) and a coefficient of determination (0.65), suggesting a substantial positive effect of globalization on the work environment. The calculated "F" value surpasses the table "F" value, indicating significant differences between groups. At a confidence level of 0.01, the findings affirm that the work environment is positively influenced by globalization, supporting the hypothesis.

Table 2: Correlation Coefficient between Work Environment and Globalization

		Globalization				
the work environment	Significance level	Confidence level	ANOVA	Regression coefficient	determination	Coefficient of Correlation coefficient
		0,01	0,00	80,33	3,25	0,65

Source: Prepared by the researchers, based on SPSS output

4.3. Results of the Third Hypothesis:

The third hypothesis challenges the assumption that banks do not rely on globalization for the development of banking services and specifications. This hypothesis is subdivided into two sub-hypotheses focusing on the impact of globalization on service development and service specification development.

4.3.1. Results of the First Sub-hypothesis

Table 3 details the correlation coefficient, determination coefficient, regression coefficient, ANOVA, confidence level, and significance level between service development and globalization. The analysis reveals a substantial correlation (0.87) and a high determination coefficient (0.75). The calculated “F” value surpasses the tabulated “F” value, signifying significant differences between groups. At a confidence level of 0.01, the findings affirm that service development is positively influenced by globalization, confirming the first sub-hypothesis.

Table 3: Correlation Coefficient between Service Development and Globalization

	Globalization Impact					
Service Development	Significance Level	Level of Confidence	ANOVA	Regression Coefficient	Coefficient of Determination	Correlation Coefficient
		0,01	0,00	131,32	4,47	0,75

Source: Prepared by the researchers, based on SPSS output

4.3.2. Results of the Second Sub-hypothesis:

Table 4 elucidates the correlation coefficient, determination coefficient, regression coefficient, ANOVA, confidence level, and significance level between service specifications and globalization. The analysis reveals a substantial correlation (0.73) and a respectable determination coefficient (0.53). The calculated “F” value surpasses the tabulated “F” value, signifying significant differences between groups. At a confidence level of 0.01, the findings affirm that service specifications are positively influenced by globalization, substantiating the second sub-hypothesis.

Table 4: Correlation Coefficient between Service Specifications and Globalization

The impact of globalization						Service specifications
Significance level	Confidence level	ANOVA	Regression coefficient	Determination coefficient	Correlation coefficient	
0,01	0,00	48,73	4,73	0,53	0,73	

Source: Prepared by the researchers, based on SPSS output

These comprehensive statistical analyses collectively contribute to a scholarly understanding of the intricate interplay between globalization and the multifaceted dimensions of banking services, shedding light on the positive influence of global dynamics on the developmental trajectory of banks.

Conclusion

In recent years, the banking landscape has undergone rapid and continuous transformations, reshaping the global financial system. The advent of globalization stands out as a pivotal global variable significantly impacting banking activities. This impact is a direct consequence of the ongoing technological progress worldwide, enabling banks to expand their reach and attract customers on a global scale.

Recognizing the crucial role of banking services in the global economy, Algeria, along with other Arab nations, has endeavored to revitalize and enhance its banking system. The goal is to align with the latest advancements in updating banking service delivery systems, implementing substantial reforms to invigorate modern and advanced banking services. Our study aimed to shed light on the developments within banking services amidst the globalizing landscape.

Key Findings:

- The implementation of modern banking services is poised to have a profound positive impact on service quality. However, the rational

direction of modernization is crucial, considering both positive and negative aspects.

- The diversification of banking services to align with the demands of economic activity and the needs of Algerian society is imperative for their development.
- Defining a comprehensive concept of financial globalization remains challenging.
- The study establishes a significant relationship between globalization and the development of the level of banking service in the bank.
- Statistical analyses reveal a substantial and statistically significant impact of globalization on the specifications of banking services at the bank level.
- The surveyed sample emphasizes that financial globalization serves as a crucial tool for providing advanced and modern banking services in a fast-paced and ever-changing world.

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Abstract

The exploration of modern trends in banking services within the context of globalization aims to illuminate the impact of financial globalization on banks, with a particular focus on Algerian banks. This investigation seeks to establish new directions for banking services and explore how modern trends can contribute to their development.

The study delves into the evolution of banking services against the backdrop of globalization, emphasizing the need for continuous updates to align with the dynamic changes imposed by financial globalization in the banking sector. The study also assesses the extent to which these developments contribute to meeting customer needs, a critical factor for the growth, competitive capacity, and enhanced efficiency of banks.

Methodology: A sample of employees from local banks was selected for the study, utilizing a questionnaire as the primary data collection tool. Data processing employed the SPSS program and statistical analysis tools to derive meaningful insights. The study concludes that banks have undertaken significant measures related to banking services, creating an environment conducive to effective banking operations.

Keywords

Banking Service, Globalization, Modern Trends of Banking Service, Banks, Development

مستخلص

يهدف موضوع الاتجاهات الحديثة للخدمات المصرفية في ظل العولمة، إلى إبراز هدف العولمة المالية التي من شأنها التأثير على البنوك بصفة عامة والبنوك الجزائرية بصفة خاصة، وكل هذا من أجل بناء توجهات جديدة للخدمة المصرفية من جهة، ومن جهة أخرى كيف يمكن أن توظف التوجهات الحديثة في تطوير الخدمات المصرفية.

تناولت هذه الدراسة تطور الخدمات المصرفية في ظل العولمة بحيث تحديث الخدمات المصرفية ومواكبة التطورات المتتالية التي فرضتها العولمة المالية في القطاع المصرفي؛ ومدى إسهامها في تلبية رغبات العملاء احد المداخل الرئيسية لنمو وتطور القدرة التنافسية وزيادة الفعالية للمصارف .

ولتحقيق ذلك تم اختيار موظفين مجموعة من البنوك المحلية كعينة للدراسة واعتمدنا على الاستبيان كأداة لجمع البيانات، وتم معالجة تلك البيانات باستخدام برنامج SPSS واستعمال أدوات التحليل الإحصائي، ومن خلال هذا تم التوصل بان البنك قام بأهم الإجراءات المتعلقة بالخدمات المصرفية، ووفر البيئة المناسبة للعمل المصرفي.

كلمات مفتاحية

خدمة المصرفية، عولمة، اتجاهات حديثة للخدمة المصرفية، بنوك، تطور

Résumé

L'exploration des tendances modernes dans les services bancaires dans le contexte de la mondialisation vise à éclairer l'impact de la mondialisation financière sur les banques, en mettant particulièrement l'accent sur les banques algériennes. Cette enquête cherche à établir de nouvelles orientations pour les services bancaires et à explorer comment les tendances modernes peuvent contribuer à leur développement. L'étude plonge dans l'évolution des services bancaires dans le contexte de la mondialisation, soulignant la nécessité de mises à jour continues pour s'aligner sur les changements dynamiques imposés par la mondialisation financière dans le secteur bancaire. L'étude évalue également dans quelle mesure ces développements contribuent à répondre aux besoins des clients, un facteur crucial pour la croissance, la capacité concurrentielle et l'efficacité accrue des banques. Méthodologie : Un échantillon d'employés de banques locales a été sélectionné pour l'étude, utilisant un questionnaire comme principal outil de collecte de données. Le traitement des données a fait appel au programme SPSS et à des outils d'analyse statistique pour tirer des enseignements significatifs. L'étude conclut que les banques ont pris des mesures significatives liées aux services bancaires, créant un environnement propice à des opérations bancaires efficaces.

Mots-clés

Service bancaire, Mondialisation, Tendances modernes des services bancaires, Banques, Développement.