ESI Preprints Not Peer-reviewed

Competitiveness of Georgian Commercial Banks in the Financial Market

Natia Gadelia
Grigol Robakidze University, Georgia

Doi: 10.19044/esipreprint.6.2025.p392

Approved: 22 June 2025
Posted: 24 June 2025

Copyright 2025 Author(s)
Under Creative Commons CC-BY 4.0
OPEN ACCESS

Cite As:
Gadelia N. (2025). *Competitiveness of Georgian Commercial Banks in the Financial Market.* ESI Preprints. https://doi.org/10.19044/esipreprint.6.2025.p392

Abstract

This research explores the competitiveness of Georgian commercial banks, with a particular focus on their financial performance, market positioning, and the role of innovation in sustaining market leadership. A well-functioning banking sector is crucial for the financial stability of a country, as commercial banks play a central role in facilitating the flow of funds within the economy. Efficient banks help save time and resources for both depositors and borrowers. However, the failure of a bank can cause significant harm to both its clients and the broader financial system.

The study aims to assess the competitiveness of Georgian commercial banks, identifying the factors and indicators that contribute to their success in the financial market. By focusing on key financial performance metrics, customer satisfaction, and investor confidence, this research evaluates how leading banks like JSC "TBC Bank" and JSC "Bank of Georgia" maintain their market positions through diverse services, innovative strategies, and effective market segmentation. Other banks, such as JSC "ProCredit Bank" and JSC "Credo Bank," are also analyzed for their unique appeal in the sector.

The research addresses not only the financial indicators but also the importance of innovation and effective management in driving competitiveness. In the current globalized environment, banks must continuously adapt to technological advancements and develop risk management strategies to remain competitive. Therefore, this study also

examines how innovations and modern trends, such as direct banking, impact the overall competitiveness of Georgian commercial banks.

In conclusion, by analyzing both financial and non-financial factors, the research provides valuable insights into the key elements that determine the leadership and competitiveness of Georgian commercial banks in today's financial market.

Keywords: Georgian commercial banks, Competitiveness, Financial performance, Market, positioning, Innovation, Banking sector, Risk management, Financial stability, Customer satisfaction, Investor confidence

Introduction

In the context of an increasingly dynamic and globalized financial environment, Georgian commercial banks face growing challenges in sustaining and enhancing their competitiveness. Despite the sector's significant development since the early 2000s, many banks in Georgia still struggle to fully integrate financial innovations, optimize internal management processes, and maintain effective risk mitigation systems. This research seeks to understand the factors that shape competitiveness in Georgian banking and how these factors influence long-term sustainability and market leadership.

Competitiveness in the banking sector is a multidimensional concept, involving not only financial indicators but also technological innovation, customer satisfaction, brand reputation, and strategic agility. Michael Porter (1990) emphasizes that competitive advantage arises from localized capabilities, including industry-specific conditions, institutional development, and innovation ecosystems. Georgian banks operate in an environment where macroeconomic stability and regulatory frameworks are relatively well-established, yet innovation indicators and capital market maturity remain weak (World Economic Forum, 2019; Abuselidze & Slobodianyk, 2020). Thus, Georgian commercial banks must strategically navigate these limitations while capitalizing on technological progress and growing digital demands.

Research shows that banks capable of aligning innovation with financial performance are more likely to succeed in the competitive market. For example, Dincer (2019) and van der Vleugel et al. (2020) argue that metrics such as Return on Assets (ROA), Return on Equity (ROE), customer adoption of remote banking services, and digital infrastructure quality are crucial indicators of long-term competitiveness. In Georgia, TBC Bank and Bank of Georgia have outperformed peers largely due to their early digitalization efforts, market segmentation strategies, and diversified service portfolios (National Bank of Georgia, 2020).

This paper aims to evaluate the competitiveness of Georgian commercial banks by identifying the key determinants of their market strength, including financial health, innovation, marketing efforts, and client perception. The study will assess both top-tier banks (e.g., JSC TBC Bank, JSC Bank of Georgia) and smaller institutions (e.g., ProCredit Bank, Credo Bank), drawing comparisons across customer experience and investor confidence. Furthermore, the paper explores how strategic planning, corporate governance, and risk management systems contribute to building and maintaining a competitive advantage.

The problem of the issue: The problem addressed in this research is the challenge faced by Georgian commercial banks in maintaining and strengthening their competitiveness in an increasingly dynamic and globalized financial environment. Despite growth in the banking sector, many banks struggle to integrate financial innovations, optimize management structures, and effectively assess risks, which can hinder their ability to lead the market. Understanding the key factors affecting the competitiveness of Georgian commercial banks is crucial for ensuring their long-term sustainability and their contribution to the country's economic stability.

Relevance of the Topic: A well-functioning banking sector is a key prerequisite for a country's financial stability. If commercial banks are able to efficiently perform their intermediary function, they will facilitate the flow of finances within society and the economy as a whole, saving time and resources for both savers and borrowers. On the other hand, the bankruptcy of a bank could cause serious harm not only to its clients but also to the entire financial sector and the national economy. Therefore, it is essential to study the factors and indicators that determine the competitiveness of Georgian commercial banks, as well as the methods they use to achieve and maintain their position in the financial market. The banking sector in Georgia has undergone significant development since the 19th century, and today, commercial banks offer a wide range of services to customers. A strong banking system promotes the advancement of all sectors and individuals, having a direct impact on every participant in a market economy. Currently, the National Bank of Georgia supervises commercial banks and the entire financial sector, with its status defined by the country's Constitution. It is equally important for commercial banks to consistently assess the market accurately and position themselves in a way that ensures competitiveness.

Research Objective: The aim of the research is to evaluate the competitiveness of Georgian commercial banks, identify which banks hold leading positions in the financial market, and determine the factors contributing to their leadership.

Based on the research objective, the following tasks have been set to assess the key areas of market positioning:

- √ Analyze the competitiveness of commercial banks in the Georgian financial market from two perspectives: that of the customer and the investor. In the first case, the focus is on the diversity and quality of services offered, marketing activities, and technological innovations. From the investor's perspective, the focus shifts to financial indicators such as Return on Equity (ROE), Return on Assets (ROA), net profit, loan and deposit volumes, and market share in the banking sector.
- √ Additionally, for both groups, it is important to consider the bank's international rating and image. It is also worth exploring the appeal of Credo Bank and Liberty Bank. From the perspective of an employee of ProCredit Bank, it was interesting to analyze and compare the competitiveness of commercial banks. The ability to attract capital through representation on international stock exchanges also contributes to the competitiveness of commercial banks. Moreover, another task is to define the role of sound banking management and organizational structure, assess various types of risks, and choose a management strategy for them by the relevant department.
- √ Finally, the role of innovation as a tool for competitiveness will be evaluated. In recent years, the banking sector has undergone changes in this area. The paper will review modern trends in the banking system globally and in Georgia, as well as the concept of direct banking and its global development.

Research Hypothesis: Georgian commercial banks that effectively combine financial innovations and strategic risk management practices achieve higher competitiveness in the financial market, which is reflected in superior financial indicators, increased market share, and trust from both clients and investors.

Research Subject: The subject of this research is the assessment of the competitive dynamics of Georgian commercial banks through financial indicators, the adoption of innovations, and strategic market positioning.

Research Object: The object of this research is Georgian commercial banks and their financial indicators.

Literature Review

The concept of competitiveness in the banking sector has been extensively explored in international and regional economic literature. Scholars generally agree that competitiveness in commercial banking is not solely defined by profitability, but also includes market adaptability, innovation capacity, customer satisfaction, and strategic positioning (Porter, 1990; Dincer, 2019).

Michael Porter's theory of competitive advantage (1990) remains one of the most influential frameworks in evaluating the competitiveness of firms. According to Porter, sustainable competitive advantage stems from firm-level differentiation, cost leadership, and focus strategies, all embedded within the national economic context. In banking, this means that institutions must align internal efficiency with external value creation. Porter's Diamond Model also highlights the significance of institutional support, innovation, and demand conditions in shaping competitiveness.

Other researchers, such as van der Vleugel, Breeden, & Gautheron (2020), emphasize that technological transformation is central to modern banking competitiveness. As banking moves toward digitalization, the capacity to innovate rapidly and implement user-friendly systems becomes a decisive factor.

In the Georgian setting, several studies have analyzed the structure and competitiveness of the commercial banking sector. According to Abuselidze and Mamaladze (2020), Georgian banks operate under a relatively stable macroeconomic framework; however, the country lags in terms of financial technology (fintech) development, venture capital availability, and financial market depth. The World Economic Forum (2019) similarly ranks Georgia low in innovation capacity and market size, which restricts growth potential.

Research by Chakaberidze (2016) identifies weak risk assessment mechanisms and limited service diversification as significant barriers to competitiveness in Georgian banks. Conversely, the same study acknowledges that large banks such as TBC Bank and Bank of Georgia have been able to overcome these issues by actively investing in digital infrastructure and expanding customer-oriented services.

Recent empirical literature points to the importance of specific financial indicators - such as Return on Assets (ROA), Return on Equity (ROE), net profit margins, and loan-to-deposit ratios—in assessing banking competitiveness (Chuthlashvili & Barbakadze, 2016). For example, a study by Jayakumar et al. (2019) illustrates how digital transformation directly correlates with improved ROA and reduced cost-to-income ratios in developing countries' banking sectors.

In Georgia, the National Bank's annual reports (2020) confirm that banks with higher ROA/ROE - namely TBC and Bank of Georgia - are also those that lead in innovation and customer outreach. This suggests a strong link between financial performance and strategic innovation.

Moreover, public perception surveys reveal increasing reliance on mobile/internet banking, with customers ranking banks by digital service quality. Dincer (2019) notes that in such an environment, non-financial indicators - such as service accessibility, trust, and interface usability - are as critical as traditional financial metrics.

Overall, the reviewed literature converges on several key findings:

- Competitive banks combine strong financial performance with continuous innovation.
- Strategic management, including risk planning and market segmentation, plays a vital role.
- In Georgia, large banks dominate the market due to scale, capital access, and early digital transformation.
- However, systemic issues - like a weak innovation ecosystem and low capital market development - continue to constrain sector-wide competitiveness.

This body of literature provides the theoretical and empirical foundation upon which the present study is built, enabling a comprehensive evaluation of the Georgian commercial banking sector's competitive landscape.

Competitiveness in the financial sector and its theoretical aspects

The necessity of a sound and rationally operating financial sector has been amply illustrated by the current financial crisis. Accurate risk assessment of all kinds is crucial when allocating resources from individuals, businesses, and international institutions to high-yield investment or entrepreneurial enterprises. This is where an efficient financial sector comes in. To enhance productivity, it is essential to have a high-quality financial market that provides access to: loans from a sound banking sector, securities from a well-regulated stock exchange, venture capital, and other financial products. Financial markets have the responsibility to develop protective mechanisms for investors and business sector representatives during crisis situations (Chakaberidze, 2016, 65).

Competitiveness has long been a subject of debate. Researchers examine the competitiveness of a country, a nation, an industry, and a sector. According to Michael Porter, Highly localized processes are used to establish and maintain competitive advantage. Differences in national values, culture, economic conditions, and structure, as well as existing companies and their development history, all contribute to the process of gaining competitive advantage. Since a country cannot be competitive in all or even most industries, the competitive structure of each country is highly differentiated. A country achieves success in a particular sector when, during a certain period, its domestic conditions and factors prove to be better, more dynamic, and more promising compared to others(Abuselidze & Mamaladze, 2020, p. 453).

No country can be competitive in all sectors. Ideally, the limited human and other resources of a specific country should be distributed in such a way that they are used with maximum efficiency. In countries with a high standard of living, there may be many sectors where their local companies are not competitive. Scholars consider productivity to be the key concept of competitiveness(Abuselidze & Slobodianyk, 2021, p. 718). The ability of domestic enterprises to attain high levels of production determines the standard of living in a given nation. The quantity of production generated per unit of capital or material resource used over a specific amount of time is known as productivity(Abuselidze, 2021, p. 19). It is the main determinant of long-term living standards and the primary source of national income.

Georgia has achieved its lowest results in terms of innovation, market size, and the financial system, while it has ranked highest in healthcare, macroeconomic stability, and qualification. Out of the four main components, Georgia's indicators have worsened in two areas – the economic environment and markets, while improving in the innovation ecosystem and human capital(Abuselidze & Slobodianyk, 2020, p. 150).

According to the World Economic Forum's calculations, the quality of financial system development (91st position out of 141) includes several indicators. Georgia recorded its poorest results in terms of venture capital availability (109th position), the percentage of market capitalization relative to gross domestic product (119th position), and the size of insurance premiums relative to GDP (112th position)(Chakaberidze, 2016, 65). The highest assessment in terms of financial markets was achieved in the size of non-performing loans relative to total loans (47th position) and the volume of loans issued to individuals relative to GDP (57th position).

Bank management and its importance in the process of gaining competitiveness

The modern dynamic economy, under the conditions of globalization and a changing environment, has made it crucial to select the right strategy and to continuously seek new avenues, rather than merely maintaining previously achieved results. Generally, management involves decision-making, where a decision is the correct choice among alternatives. The quality and implementation of this choice depend on how effectively management information and planning systems operate. This is characteristic of any organization but is particularly relevant in commercial banks(Abuselidze & Beridze, 2018, p. 29). The decision-making process in a commercial bank is primarily expressed in the form of strategic planning.

In any model of strategic planning, it is essential to have documented detailed procedures outlining how, on what principles, within what timeframes, and at what hierarchy the planning is developed, followed by performance control and evaluation. A well-functioning mechanism for planning and subsequent control indicates the existence of effective and modern corporate governance in a commercial bank. Different practices of strategic planning may exist within individual commercial banks, and it is crucial to align strategic and operational plans properly(Bank of Georgia, 2021, p. 1). The development of a strategic plan consists of several stages (Beridze, 2016, p. 18):

In the first stage, during the bank's establishment process, the bank's mission, or slogan, is formulated. The bank's mission encapsulates the formulation of the main task, clearly defining the purpose of the commercial bank's existence and its corporate culture. It represents the philosophical idea of the fundamental objectives for which the bank is created. Despite changes in various circumstances, the bank's mission and the core values stated within it should remain unchanged. Although infrequently, changes to the mission may occur, usually related to changes in the composition of shareholders(Bank of Georgia, n.d., p. 25).

The second stage of strategic planning involves defining target indicators. Target indicators can be based on key directions such as commercial, financial, technological, human resources, marketing, security, and risk management. The third stage of strategic planning involves describing the current state of the bank, commonly known as a SWOT analysis. The factors of SWOT analysis are(Bank of Georgia, n.d.):

S - for strengths standing out as strong points.
W - for weaknesses,
O - stands for opportunities
T - for threats.

Positive (strengths and opportunities) and negative (weaknesses and threats) aspects and events that are present now or are expected in the near future are both discovered and assessed during the SWOT analysis. In the final stage, specific pathways for achieving target qualitative indicators are determined. The strategic plan outlines the following qualitative performance measures (Return on Assets - ROA, Return on Equity - ROE, Cost to Income Ratio, Net Interest Margin, among others)(Chuthlashvili & Barbakadze, 2016, 35). The strategic plan should also document the projected figures for various mandatory indicators (liquidity, capital, investments, open currency positions, etc.)(Chakaberidze, 2016, p. 55).

During the process of drafting the operational plan and budget, the balance indicators are detailed: by credit portfolio products, securities portfolios, fixed assets, and so forth, along with revenues and expenditures.

To achieve competitiveness, it is crucial for the bank to consider the aforementioned factors because, regardless of the quality and diversity of the services offered, if a proper strategy is not defined, the development of the company is practically impossible.

Evaluation of financial indicators and competitiveness of Georgian commercial banks

General indicators of competitiveness are well-known, including price, quality, and service. However, the specific characteristics of the banking sector must also be taken into account. Below, we will discuss the financial indicators of Georgian commercial banks and the factors influencing their competitiveness. In our view, the competitiveness of commercial banks should be considered from two perspectives: that of consumers and investors(Legislative Herald of Georgia, 2021, p. 36).

For investors, important factors when making choices include the bank's net profit, market share, asset volume, size of issued loans, deposit volume, return on assets (ROA), return on equity (ROE), alignment with ecological standards, and market power(Chuthlashvili & Barbakadze, 2016, 35). From the consumers' perspective, other decisive factors come into play, such as price, variety of services, service quality, accessibility of remote services, and the significant role of the bank’s marketing strategy in the decision-making process. There may also be intersections between these two groups, such as a commercial bank's international ranking and reputation(National Bank of Georgia, 2020, p. 45).

Among the factors listed, aside from price and quality, we should examine the competitiveness indicators of Georgian banks through specific examples. The reason we do not characterize banks solely by price and quality indicators is due to the complexity of comparing several companies(National Bank of Georgia, 2020, p. 19). Prices for various banking services among Georgian commercial banks are constantly changing and are almost identical (with minor differences). Regarding quality, it is difficult to assess it for each type of service due to the diversity of available offerings.

Key indicators for evaluating a bank’s competitiveness from investors' perspectives include return on equity and return on assets ratios. The return on equity (ROE) is a profitability ratio that indicates a company’s ability to generate profit from investments made by its founders(van der Vleugel, Breeden, & Gautheron, 2020, 123). ROE is also an indicator of how effectively management uses capital contributions to finance operations and support beneficiary growth. A high ROE is generally preferable to a low one; however, this coefficient should be compared to the performance of other companies within the same sector. Since each sector has different sizes and types of investments and revenues, ROE cannot be directly compared across different industries(National Bank of Georgia, 2020, p.78).

Return on equity (ROE) is calculated as net profit divided by the equity held by shareholders. Return on assets (ROA), also known as return on total assets, is a profitability metric that assesses the net income generated from total assets during a specific timeframe, by comparing it to the average total assets(van der Vleugel, Breeden, & Gautheron, 2020, 123). ROA indicates how effectively a bank can generate profit using its assets over a certain period. A high coefficient suggests better performance, as it indicates that the beneficiary is managing assets more efficiently and achieving higher net income. A positive ROA coefficient generally indicates an upward trend in profitability(van der Vleugel, Breeden, & Gautheron, 2020, p. 98).

Marketing campaigns run by companies significantly influence the decision-making process of individuals. Currently, representatives of the banking sector in Georgia actively utilize almost all communication channels for marketing activities. However, specific expenses directed towards marketing are not delineated in the financial reports presented by the banks.

The role of innovation in the modern banking system

Commercial banks operating under banking licenses employ a variety of management technologies, enabling them to create better consumer demand and experiences. In the modern era, where innovation is a necessity, banks strive to keep pace with technological advancements. The geographical zones in which commercial banks operate have also expanded, making it essential for all transactions to be recorded in real time, regardless of when they are completed. A client may be in a completely different time zone, but this should not hinder their ability to receive services (Chakaberidze, 2016, 68).

Instead of integrating these updates into antiquated systems, financial institutions have started to create additional technological frameworks to support every new offering, channel, functionality, and regional presence. For example, because of the original setup of the product and customer management systems in banks, a new client cannot obtain a mortgage or utilize a card without first establishing a current account. This limitation is so entrenched that clients rarely think about asking for an adjustment (Liberty Bank, 2021).

In the case of traditional banks, the allocation of additional resources for technological modernization is driven by several factors, such as the costs of outdated technology and the time required for processing, which always exceed the costs associated with operations performed using digital technologies. Resources that are excessively allocated could otherwise be used to enhance customer service and innovate products. Traditional banking services, such as executing transfers in a branch, hinder the ability to provide real-time customer service or conduct direct transactions, as clients must incur additional time costs for visiting the branch (Chakaberidze, 2016, 69).

Inefficient systems, which are difficult to update, create opportunities for increased competition in the market from small and new companies that leverage new technologies in the service process. Every year, outdated systems hinder banks and impede achieving desirable ratios, such as cost-to-income, return on equity, and return on assets(Jayakumar, Pradhan, Chatterjee, Sarangi, & Dash, 2019, p. 275).

To achieve full customer engagement in the digital world, a systematic approach to financial and human resource allocation in this direction is necessary over several years. Depending on the various types of customers, banks must exert corresponding effort and labor. For example, elderly customers may manage their finances very well but utilize digital technologies less, while younger clients are inclined to use modern channels but require guidance regarding various banking products.

Banks need to determine the number of customers whose irritation may result from stringent approaches, potentially leading to their loss. In interactions with such categories, branch and contact center staff play a crucial role, as the information they provide should be delivered in a manner that prevents dissatisfied clients from leaving the bank and encourages them to start using remote channels.

Online Research: Modern Banking Services in Georgia

We were interested in understanding the public's attitude towards the services offered by commercial banks in Georgia and their level of satisfaction. Additionally, we explored how well they have adapted to innovations proposed by the banks.

We surveyed 102 people, and the findings were as follows: The majority use banking services, with 59.1% utilizing services from multiple banks. 88.3% try to avoid cash payments and maximize the use of plastic cards. 94.9% use internet/mobile banking.

Only a small portion of respondents (4.1%) believe that internet banking is not secure, while 47.8% consider it somewhat risky but accept this risk for convenience. In contrast, 48.1% believe their accounts are completely secure when using remote services.

68.8% perform all types of transactions through internet/mobile banking, 24% use it partially and still visit branches for certain transactions, and the rest either do not use internet banking or find it functionally inadequate, preferring to visit branches.

Regarding the simplicity of the internet/mobile banking menu and design, 53.9% rated it 5 out of 5, 34.7% gave it 4 points, 6.3% gave it 3 points, 0.3% gave it 2 points, 0.6% rated it 1 point, and 4.1% do not use these services at all.

When asked which bank's internet/mobile banking they liked most, the top five were as follows (respondents could select multiple banks):

TBC Bank – 65 votes
Bank of Georgia – 15 votes
ProCredit Bank – 20 votes
VTB Bank – 5 votes
Liberty Bank – 5 votes.

Most respondents, 68.3%, stated that they had not opened a bank account remotely. 20.2% had opened an account using TBC Bank's Space app, 11.9% through the Bank of Georgia, 1.6% via ProCredit Bank, and 1.6% through Pasha Bank (Rebank).

Of the 102 respondents, 55.5% are aged 26-40, 26.8% are 41-60, 15.8% are 18-25, and the remaining 1.9% are either under 18 or over 61.

89.6% hold higher education degrees.

77.5% are employed, and 9.5% are self-employed.

As the survey indicated, the majority use remote channels and are satisfied with the service quality. The dominance of JSC TBC Bank and JSC Bank of Georgia in the market is reinforced by their use of modern technologies, as many respondents both use and appreciate the mobile/internet banking services provided by these two banks. Despite the rise in cyberattacks in recent years, nearly half of the respondents believe that their internet/mobile banking is fully secure, while 47.8% perceive some risks but accept them for the convenience offered.

Finally, while most respondents have not yet opened bank accounts remotely, the active promotion and marketing efforts by leading banks in recent times are likely to change this trend in the near future.

Conclusion

Competitiveness is a rather multifaceted issue. In the case of a commercial bank, competitiveness refers to its ability to gain an advantage and achieve better results compared to other market participants in the area it prioritizes. A bank's competitive advantage manifests itself in relation to other entities, serving as a primary tool in the competition process with rivals and determining its success in the financial market.

Research on the competitiveness of commercial banks has revealed that TBC Bank holds the top position in the Georgian financial sector in terms of net profit, assets, and the volume of net loans, while Bank of Georgia ranks second. In terms of deposit volume, Bank of Georgia is the leader, followed closely by TBC Bank. ProCredit Bank, Credo Bank, and Liberty Bank exhibit differing appeal and are ranked among the top six in the market based on financial indicators. In Georgia, there are 15 registered commercial banks. The competitiveness of TBC Bank and Bank of Georgia, which together hold an 80% market share, is defined by:

A large volume of assets and capital, which they effectively utilize in servicing all segments of the market.

These companies cater to low-income individuals, students, pensioners, as well as small, medium, and large legal entities, and high-income individuals.

They offer a diverse range of services, from money transfers, credit/debit cards, and consumer loans to modern technological applications, corporate services, business loans, banking guarantees, and tailored services for large companies.

The diversified services lead to high revenue from consumer-type lending and relatively lower interest income from large business clients. Different margins from various client types balance each other out, resulting in a massive customer base and increasing profits. The effective functioning of a bank depends on several fundamental factors, including: sound banking management (strategic planning, analysis, regulation, and control of the bank's operations, finances, personnel, and marketing activities) and a banking risk management strategy (identifying risk types, assessing them, and ensuring continuous monitoring by the relevant department).

In the process of attracting clients, TBC Bank and Bank of Georgia benefit from an active marketing strategy, utilizing all communication channels, such as television, radio, billboards, social networks, direct marketing, SMS notifications, and phone calls, among others. As the research findings indicate, competitiveness in the Georgian financial market depends on several factors from the consumers' perspective: in addition to the well-known service price and quality, the diversity of offered services, marketing activities, and accessibility of remote services are also crucial. From the investors' standpoint, significant indicators include: return on equity (ROE), return on assets (ROA), net profit, volume of loans and deposits, market share, and power in the banking sector. Moreover, international ratings and the bank's image are important factors that attract interest from both groups.

The study also revealed that commercial banks actively utilize innovations in the banking service process. However, at this stage, innovation is not yet a competitive instrument, as society still lags behind the pace of technological development, a gap that can be overcome over time. It is evident that many bank customers still prefer to visit branches. This is particularly true for older individuals, who find it difficult to change their behavior and switch to remote channels. Consequently, fully digital banks have not yet achieved the level of success that traditional commercial banks enjoy. Implementing innovations in banking services is very important, but this does not mean that there should be a complete abandonment of traditional banking operations. It is possible that due to generational change, demand for branches and traditional services may diminish in a few decades, but today they remain essential for successful operations.

Conflict of Interest: The author reported no conflict of interest.

Data Availability: All data are included in the content of the paper.

Funding Statement: The author did not obtain any funding for this research.

References:

1. Abuselidze, G., & Mamaladze, L. (2020). Lecture Notes in Computer Science, 12253, 453–467. Springer, Cham. https://doi.org/10.1007/978-3-030-58814-4_32
2. Abuselidze, G., & Slobodianyk, A. (2021). Advances in Intelligent Systems and Computing, 1258, 718–728. Springer, Cham. https://doi.org/10.1007/978-3-030-57450-5_61
3. Abuselidze, G. (2021). The influence of Covid-19 on the public debt growth and default risk: A fiscal sustainability analysis. In Proceedings of the International Scientific and Practical Conference on Sustainable Development of Regional Infrastructure (ISSDRI 2021). SciTePress.
4. Abuselidze, G., & Slobodianyk, A. (2020). E3S Web of Conferences, 210, 15016. https://doi.org/10.1051/e3sconf/202021015016
5. Abuselidze, G., & Beridze, L. (2018). Proceedings of the 4th International Conference on European Integration (ICEI) (pp. 29-41).
6. Abuselidze, G., & Slobodianyk, A. (2019). Economic Science for Rural Development, 52, 203-221.
7. Bank of Georgia. (2021). Financing. Retrieved from http://bankofgeorgia.ge/en/retail/loans
8. Beridze, L. (2016). Proceedings of the International Scientific Conference Challenges of Globalization in Economics and Business. Tbilisi.

9. Bank of Georgia. (n.d.). Retrieved October 10, 2024, from https://bankofgeorgia.ge/
10. Bank of Georgia. (n.d.). Electronic banking. Retrieved October 10, 2024, from https://bankofgeorgia.ge/ka/retail/digital-bank
11. Chakaberidze, D. (2016). Specifics of banking competition in Georgia: Abstract of dissertation submitted for the degree of Doctor of Finance. Tbilisi.
12. Chuthlashvili, A., & Barbakadze, K. (2016). Financial institutions and markets. Tbilisi.
13. Dincer, H. (2019). Kybernetes, 48(6), 1195-1215. https://doi.org/10.1108/K-02-2018-0055
14. Legislative Herald of Georgia. (2021). Law of Georgia on Competition. Retrieved from http://matsne.gov.ge/en/document/view/1659450?publication=9
15. National Bank of Georgia. (2020). Financial stability 2016-2019 years data. Retrieved from http://www.nbg.gov.ge/index.php?m=404
16. National Bank of Georgia. (2020). Annual report 2016-2019. Retrieved from http://www.nbg.gov.ge/uploads/publications/annualreport/2019/annual_2018.pdf
17. National Bank of Georgia. (2020). New regulations. Retrieved from http://www.nbg.gov.ge/index.php?m=340&newsid=3545
18. National Bank of Georgia. (2020). Annual reports of Georgian commercial banks 2016-2019.
19. van der Vleugel, M., Breeden, S., & Gautheron, P. (2020). For banks, modernizing technology has become a perpetual challenge.
20. Liberty Bank. (2021). Financing and loans. Retrieved from http://libertybank.ge/en/produqtebi/chemi-biznesistvis/biznes-sesxi
21. Liberty Bank. (2021). Term deposits. Retrieved from http://www.libertybank.ge/ka/produqtebi/chemtvis/anabrebi-da-sertipikatebi/vadiani
22. Jayakumar, M., Pradhan, R. P., Chatterjee, D., Sarangi, A. K., & Dash, S. (2019). Advances in analytics and applications (pp. 275-297). Springer, Singapore. https://doi.org/10.1007/978-981-13-1208-3_21

Appendix
Questionnaire

your age?
your gender?
Do you use banking services?
Do you use a plastic card to withdraw money?
Do you use mobile/internet banking?
Do you think it is safe to use mobile/internet banking?
Functionally, how acceptable is the mobile/internet bank of the bank you use most often?
Which bank/bank internet/mobile bank do you like?
Have you ever opened a primary bank account remotely without visiting a branch?