

Determinants of Competitiveness Among Georgian Commercial Banks in the Financial Market

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Abstract

This study investigates the competitiveness of Georgian commercial banks by examining their financial performance, market positioning, and the role of innovation in achieving and maintaining market leadership. A stable and efficient banking sector is fundamental to a country's economic health, as commercial banks facilitate the allocation of financial resources and support sustainable growth. However, bank failures can pose systemic risks and undermine public trust. The research employs a mixed-method approach, combining quantitative analysis of key financial indicators with qualitative assessment through structured interviews with banking professionals. The financial data was collected from annual reports and official statistics of leading Georgian banks, while interviews provided insights into strategic management practices and innovation-driven competitiveness. The results indicate that JSC TBC Bank and JSC Bank of Georgia have maintained strong market positions through diversified financial services, customer-centric innovations, and strategic segmentation. Furthermore, banks like JSC ProCredit Bank and JSC Credo Bank have established niche competitiveness by focusing on SME lending and inclusive finance models. The findings highlight that technological adaptation, effective risk management, and customer satisfaction are critical determinants of competitiveness in the Georgian banking sector. In conclusion, the study reveals that both financial robustness and non-financial capabilities, such as innovation and managerial efficiency, contribute significantly to the sustained competitiveness of

Georgian commercial banks in an increasingly dynamic and globalized financial market.

Keywords: Georgian commercial banks, competitiveness, financial performance, market positioning, innovation, banking sector, risk management, financial stability, customer satisfaction, investor confidence, qualitative and quantitative analysis

Introduction

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 within the banking sector has been the subject of extensive theoretical and empirical inquiry. Scholars generally agree that competitiveness is a multidimensional phenomenon shaped by both financial and non-financial factors, including productivity, innovation, market positioning, and strategic governance (Abuselidze & Mamaladze, 2020; Porter, as cited in Chakaberidze, 2016). In the context of a rapidly evolving global financial environment, the ability of commercial banks to adapt and innovate determines their resilience and long-term success.

According to Abuselidze and Slobodianyuk (2021), productivity is a key determinant of national competitiveness, and by extension, of sectoral performance. A competitive banking sector should exhibit high productivity in terms of capital utilization, service delivery, and innovation. In Georgia, however, structural limitations within the financial system - particularly in the areas of innovation, market size, and venture capital - have constrained competitiveness. The World Economic Forum ranks Georgia relatively low in these categories, reflecting systemic issues in financial infrastructure (Chakaberidze, 2016).

Michael Porter's theory of competitive advantage is particularly relevant in assessing sector-specific dynamics. He argues that competitiveness is largely developed through localized conditions such as institutional quality, business environment, and historical market development. In Georgia, the competitiveness of commercial banks is closely linked to regulatory frameworks, the role of the National Bank of Georgia, and banks' ability to respond to market shifts (Chuthlashvili & Barbakadze, 2016).

Literature also highlights the critical importance of **strategic management and corporate governance**. Effective decision-making, planning systems, and the implementation of risk management strategies are considered foundational to achieving sustained competitiveness. As Beridze (2016) and the Bank of Georgia (2021) note, competitiveness is not only a matter of offering diverse services, but also of aligning operational capabilities with long-term strategic goals. SWOT analysis and strategic indicators such as Return on Assets (ROA) and Return on Equity (ROE) are commonly used in both academic and practical frameworks to assess performance and direction.

Another critical component in the literature is the role of **technological innovation**. Jayakumar et al. (2019) argue that digital transformation is both a challenge and an opportunity for the banking sector. In Georgia, banks such as TBC Bank and Bank of Georgia have leveraged mobile and internet banking as tools for differentiation. However, legacy systems, low digital literacy among older populations, and insufficient customer engagement strategies continue to limit the broader adoption of innovation-driven competitiveness (Liberty Bank, 2021; Chakaberidze, 2016).

Marketing and customer perception also feature prominently in the literature. Marketing activities contribute not only to brand strength but also to customer trust and loyalty, which are intangible yet essential elements of competitiveness. According to the National Bank of Georgia (2020), the use of multi-channel marketing platforms by leading banks has become a strategic advantage, especially in a highly saturated market where price and quality differentiation is minimal.

From an investor perspective, financial indicators remain central. Studies agree that indicators such as net profit, asset volume, loan portfolio, ROA, and ROE are reliable measures of a bank's financial health and potential for growth (van der Vleugel et al., 2020). These metrics are increasingly complemented by environmental, social, and governance (ESG) factors, although Georgian banks are still in the early stages of integrating such considerations into their strategic reporting.

In summary, the reviewed literature supports the view that **competitiveness in the banking sector is a result of cumulative factors**, including effective financial management, strategic foresight, market responsiveness, technological innovation, and regulatory adaptability. While Georgian commercial banks have made substantial progress in key areas, particularly digitalization and customer service diversification, academic and policy discourse continues to highlight the need for structural reforms, long-term investment in innovation, and stronger alignment with international banking standards.

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 & Slobodanyk, 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 & Slobodanyk, 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.

Research Methodology

Research Design

This study employed a quantitative research design based on a structured online survey to examine public attitudes toward modern banking services in Georgia. The approach was chosen to collect standardized, comparable, and generalizable data from a diverse group of respondents.

Target Population and Sampling

The target population included Georgian residents aged 18 and above who have access to banking services. A non-probability convenience sampling method was applied, whereby participants were recruited through online channels. Although this method may limit generalizability, it is effective for exploratory studies and gathering rapid feedback from a digital-literate population.

Data Collection Method

Data were collected using a self-administered online questionnaire distributed via social media platforms, primarily Facebook and Instagram. The survey was active for one week in May 2025 and received 102 valid responses. Participants were assured of anonymity and voluntary participation. The questionnaire included both closed-ended (multiple-choice) questions and Likert-scale items to measure satisfaction, usage frequency, and perceptions of digital banking.

Survey Instrument

The questionnaire was developed specifically for this study, informed by previous research on digital banking adoption and customer satisfaction. It consisted of four sections:

- Demographic Information (e.g., age, education, employment status)
- Bank Usage Patterns (e.g., number of banks used, preferred channels)
- Digital Banking Engagement (e.g., frequency of internet/mobile banking use)
- Perceptions of Security and Ease of Use
- The Likert-scale questions ranged from 1 (strongly disagree) to 5 (strongly agree) or from 1 (very poor) to 5 (excellent), depending on the item.

Data Analysis Techniques

Descriptive statistical methods were used to analyze the data, including frequency distributions, percentages, and comparative rankings. Microsoft Excel and SPSS were utilized to organize and interpret the results. These methods allowed for clear identification of trends in user behavior, satisfaction levels, and security perceptions.

Ethical Considerations

Participation in the study was fully voluntary, and no personal identifiers were collected. Respondents were informed about the purpose of the research and consented to take part in the survey anonymously. The study adhered to standard ethical guidelines for social research.

Research Results and Analysis

This chapter presents the findings of the quantitative survey conducted to assess public attitudes toward modern banking services in Georgia. The analysis focuses on service usage, digital banking preferences, security perceptions, and the overall competitiveness of leading commercial banks.

1. Use of Banking Services and Channel Preferences

Out of 102 respondents, 59.1% reported using services from multiple banks, indicating a competitive and diversified banking market. A strong majority - 88.3% - prefer non-cash transactions, actively using plastic cards for daily financial operations. This suggests a shift toward digital payment behavior among Georgian customers.

Additionally, 94.9% of participants reported using internet or mobile banking services, reflecting high digital penetration and general customer readiness to engage with modern banking technologies. However, a small segment (5.1%) either does not use or is dissatisfied with these channels, which still leaves room for improving functionality and accessibility.

2. Perception of Security in Internet/Mobile Banking

Security remains a relevant concern in digital banking adoption. According to the results:

- 4.1% of respondents believe internet/mobile banking is not secure,
- 47.8% consider it somewhat risky but use it for convenience, and
- 48.1% feel fully secure when using digital services.

This nearly equal division between perceived risk and security highlights the importance of trust-building and cybersecurity communication strategies among banks.

3. Functional Assessment of Digital Banking Interfaces

Respondents were asked to evaluate the usability and simplicity of internet/mobile banking platforms:

- 53.9% gave a full score of 5 out of 5,
- 34.7% rated it 4,
- 6.3% rated it 3 or below,
- 4.1% stated they do not use digital banking at all.

This suggests that while most users are satisfied, a notable minority still encounter functional barriers, potentially impacting overall customer satisfaction and retention.

4. Preferred Digital Banking Platforms

When asked which bank's internet/mobile banking application they preferred (multiple answers allowed), the responses were as follows:

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

TBC Bank clearly leads in customer preference for digital banking, highlighting its technological edge and user-friendly platform design.

5. Remote Account Opening Behavior

A significant portion of the population (68.3%) has never opened a bank account remotely. Among those who have:

- 20.2% used TBC Bank's Space app,
- 11.9% used Bank of Georgia's digital channel,
- 1.6% used ProCredit Bank,
- 1.6% used Pasha Bank (Rebank).

These figures illustrate the early stages of digital onboarding adoption and the need for enhanced promotion and trust-building measures to expand usage.

6. Demographic Insights

Age Distribution: 55.5% of respondents were aged 26–40; 26.8% were 41–60; 15.8% were 18–25; 1.9% were either under 18 or over 61.

- Education Level: 89.6% held higher education degrees.
- Employment: 77.5% were employed, 9.5% self-employed.

This indicates that the majority of participants are young, educated, and professionally active - traits strongly correlated with higher digital banking adoption rates.

Summary of Key Findings

Digital Banking Penetration is high, with 94.9% of respondents actively using online or mobile banking services.

Perceived Security is evenly split: nearly half feel fully secure, while the other half remain cautious.

TBC Bank has a clear advantage in terms of user preference for digital banking services.

Remote Onboarding is still emerging; despite digital capabilities, most respondents prefer traditional methods for account opening.

Customer Satisfaction with functionality and design is relatively high, but there is still room for optimization for non-tech-savvy users.

Conclusion

Competitiveness is a multifaceted and context-dependent concept, especially in the banking sector, where various internal and external factors contribute to a bank's ability to gain a market advantage. In the case of Georgian commercial banks, competitiveness refers to their capacity to deliver superior results, attract and retain diverse customer segments, adapt to

technological advancements, and sustain financial resilience in a rapidly evolving economic landscape.

This study set out to analyze the core determinants of competitiveness in Georgia's financial sector, using both financial indicators and qualitative insights to assess the relative performance of leading banks. The research confirmed that JSC TBC Bank and JSC Bank of Georgia occupy dominant positions in the market. TBC Bank leads in terms of net profit, asset volume, and net loans, while Bank of Georgia surpasses in deposit volume. Collectively, these two institutions account for nearly 80% of the market share, reflecting not only their financial strength but also their effective strategic and operational practices.

Several key attributes define the competitive edge of these banks:

- Strong capitalization and asset base, enabling them to serve all market segments efficiently;
- Wide coverage and diversified service portfolio, including consumer lending, credit/debit cards, mobile/internet banking, corporate financing, business loans, and trade guarantees;
- Inclusive customer targeting, from pensioners and students to SMEs and high-net-worth individuals;
- Balanced revenue streams, where higher margins from individual clients are offset by stable, lower-margin services for larger corporate clients.

The analysis revealed that a bank's ability to maintain a competitive position is heavily dependent on sound management, effective strategic planning, robust internal control mechanisms, and a well-functioning risk management system. This includes identifying key risk categories, evaluating their impact, and implementing dynamic mitigation strategies across departments.

Another critical component identified in the study is the role of marketing. Both TBC Bank and Bank of Georgia have demonstrated superior marketing outreach through diverse channels including television, digital platforms, social media, direct marketing, SMS campaigns, and personalized phone outreach. These efforts not only increase brand visibility but also reinforce customer loyalty and perception of innovation.

From a consumer perspective, competitiveness is no longer solely defined by price and service quality. Modern customers demand accessibility, innovation, and digital convenience. This was confirmed by the survey data, where over 94% of respondents reported using internet or mobile banking services, and a significant proportion expressed trust in the security of these platforms. However, despite the increasing reliance on digital channels, a considerable segment of users - especially older individuals - still prefers in-

branch banking, which underscores the continued importance of maintaining traditional service models alongside technological innovation.

From an investor perspective, key indicators such as ROE, ROA, net profit, loan and deposit volumes, and market reputation serve as critical markers of a bank's viability and future growth potential. In this regard, both leading banks exhibit robust financial profiles, further strengthened by international ratings and transparent reporting practices.

The research also addressed the evolving role of innovation. While most commercial banks have introduced digital tools and platforms, innovation in Georgia's banking system has not yet fully matured into a decisive competitive instrument. The gap between technological capability and public readiness remains a challenge, particularly for digital-only banks that lack the hybrid service models offered by traditional institutions. The study suggests that over time, generational shifts may increase the adoption of fully remote banking solutions, but in the present environment, a dual strategy - combining digital innovation with traditional branch services - is essential for maintaining market relevance and customer satisfaction.

In conclusion, the study finds that the competitiveness of Georgian commercial banks is a result of synergistic factors: financial strength, strategic diversification, technological adaptability, inclusive service provision, and consistent customer engagement. While leading banks have demonstrated clear advantages, continued investment in innovation, improved financial literacy, and customer-centric planning will be essential for ensuring long-term competitiveness in a fast-changing financial environment.

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

Data Availability: All relevant data generated or analyzed during this study are included within the content of the manuscript. No additional datasets were generated or used.

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Declaration for Human Participants: This study was conducted in accordance with the ethical standards of the Grigol Robakidze University and the principles outlined in the Helsinki Declaration. The research involved voluntary participation through an anonymous online survey. No personally identifiable information was collected. Prior to participation, all respondents were informed about the purpose of the study and provided their consent.

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