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## **Analysis and Assessment of the Impact of Electronic Commerce on the Banking Sector in Azerbaijan**

### **Abstract**

The development of e-government and the digital economy in Azerbaijan is the result of strategic reforms aimed at increasing transparency, improving efficiency in management, and facilitating access to public services. Since the early 2000s, extensive programs have been implemented to digitize public administration and apply information and communication technologies (ICT) in all areas. The establishment of "ASAN Service" centers, the introduction of electronic signature systems, and digital payment platforms have increased citizen satisfaction, reduced bureaucratic barriers, and ensured the efficiency of public services. The "Digital Economy Strategy 2022-2026" envisages the integration of artificial intelligence, big data, and blockchain technologies into management and business processes. This transition will allow for the reduction of oil dependence, the development of startups, small and medium-sized enterprises (SMEs), and the formation of an innovation ecosystem. At the same time, issues such as cybersecurity risks, digital inequality between urban and rural areas, and increasing the digital skills of the workforce remain relevant. Overall, Azerbaijan's digital transformation serves to ensure sustainable socio-economic development and the goal of transforming the country into a regional digital hub by 2030.

*Keywords: electronic, digital, governance, transformation, regional*

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## **Azərbaycanda elektron ticarətin bank sektoruna təsirinin təhlili və qiymətləndirilməsi**

### **Xülasə**

Azərbaycanda elektron hökumətin və rəqəmsal iqtisadiyyatın inkişafı şəffaflığın artırılmasına, idarəetmədə səmərəliliyin artırılmasına və dövlət xidmətlərinə çıxışın asanlaşdırılmasına yönəlmiş strateji islahatların nəticəsidir. 2000-ci illərin əvvəllərindən etibarən dövlət idarəçiliyinin rəqəmsallaşdırılması və informasiya-kommunikasiya texnologiyalarının (İKT) bütün sahələrdə tətbiqi üçün geniş proqramlar həyata keçirilmişdir. "ASAN Xidmət" mərkəzlərinin yaradılması, elektron imza sistemlərinin və rəqəmsal ödəniş platformalarının tətbiqi vətəndaş məmnuniyyətini artırmış, bürokratik maneələri azaltmış və dövlət xidmətlərinin səmərəliliyini təmin etmişdir. "2022–2026-cı illər üçün Rəqəmsal İqtisadiyyat Strategiyası" süni intellekt, böyük verilənlər və blokçeyn texnologiyalarının idarəetmə və biznes proseslərinə inteqrasiyasını nəzərdə tutur. Bu keçid neftdən asılılığın azaldılmasına, startapların, kiçik və orta sahibkarlığın (KOBİ) inkişafına və innovasiya ekosisteminin formalaşmasına imkan verəcək.

Eyni zamanda, kibertəhlükəsizlik riskləri, şəhər və kənd yerləri arasında rəqəmsal bərabərsizlik və işçi qüvvəsinin rəqəmsal bacarıqlarının artırılması kimi məsələlər aktual olaraq qalır. Ümumilikdə, Azərbaycanın rəqəmsal transformasiyası davamlı sosial-iqtisadi inkişafın təmin edilməsinə və ölkəni 2030-cu ilə qədər regional rəqəmsal mərkəzə çevirmək məqsədinə xidmət edir.

**Açar sözlər:** *elektron, rəqəmsal, idarəetmə, transformasiya, regional*

## Introduction

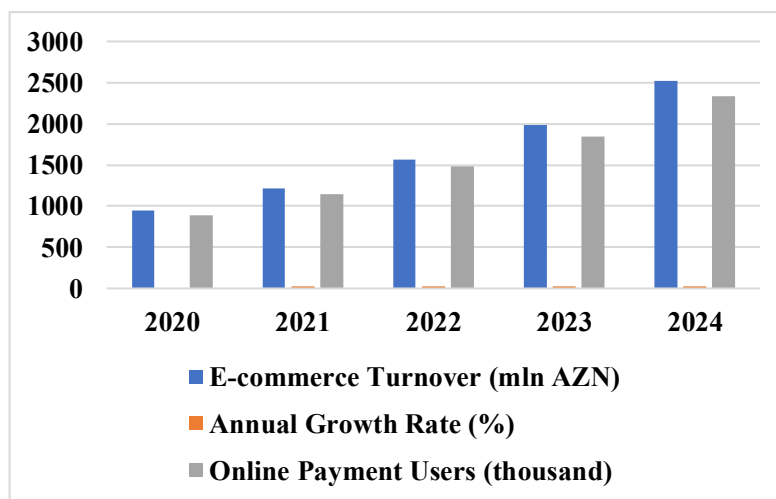
In recent years, the development of e-commerce and digital banking in Azerbaijan has become one of the important directions of the country's economy. Against the background of global digitalization trends, Azerbaijan has also actively integrated into these processes and taken important steps towards the digitalization of e-commerce and financial services. The expansion of the e-commerce market, the increase in online shopping platforms, and the improvement of electronic payment systems have led to the formation of new economic habits in consumer behavior.

Huseynzadeh (2024) notes that the main indicators of e-commerce in Azerbaijan continue to grow, and this creates an important basis for the future prospects of the digital economy. Hajiyeva (2021) emphasizes the importance of solving the existing problems in this area – legal regulation, infrastructure, and digital literacy issues - along with the development prospects of e-commerce in the context of globalization. On the other hand, Jamalova (2024) examines how digital banking innovations in Azerbaijan improve customer experience and how electronic financial services support the expansion of e-commerce. Thus, the integration of e-commerce and digital banking systems in Azerbaijan, in addition to increasing economic efficiency, has become one of the main driving forces of the country's digital transformation.

## Research

The development of e-commerce and digital banking in Azerbaijan serves as one of the main indicators of economic modernization.

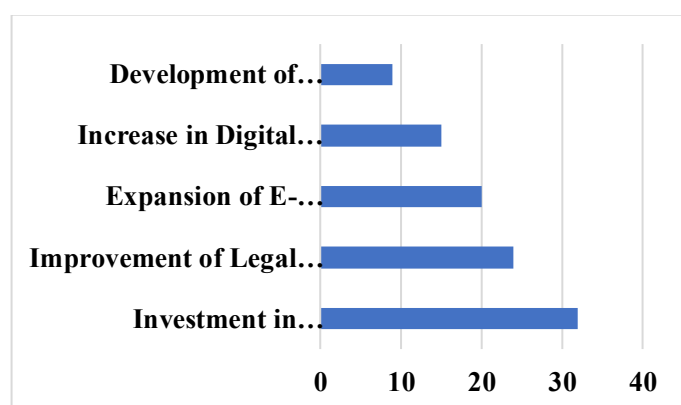
**Graphic 1.** Key indicators of the e-commerce market in Azerbaijan (2020–2024).



Source: Huseynzadeh, 2024.

As shown in Graphic 1, e-commerce turnover increased 2.6 times between 2020 and 2024. The number of online payment users also increased 2.3 times, indicating the expansion of the e-commerce ecosystem.

**Graphic 2.** Main factors influencing the development of e-commerce in Azerbaijan.



Source: Hajiyeve, 2021.

The analysis shows that the factor that has the greatest impact on the development of e-commerce is investments in ICT (32%), followed by the improvement of legal mechanisms (24%).

The development trends of e-commerce and digital banking in Azerbaijan show that the country's economy has already entered the second stage of digital transformation (Center for Economic Reforms Analysis and Communication of the Republic of Azerbaijan, 2018; Mammadova, 2024). This stage is based on the concept of digital integration and sustainability. As a result of strengthening public-private cooperation, the quality of online services is increasing, and digital security standards for e-commerce and banking transactions are being brought into line with international requirements.

Huseynzadeh (2024) emphasizes that the main factor ensuring the dynamic growth of e-commerce is the flexibility of state regulatory mechanisms and the formation of a policy open to innovation. In particular, platforms such as “ASAN Service”, “ASAN Payment” and “Digital Government Portal” have increased transparency in public services and created broad opportunities for conducting economic relations electronically (Akhundov, 2025; Azərbaycan Respublikasının Mərkəzi Bankı, 2015; Bağırzadə, 2019; Hanaysha, 2025; Li, et al., 2024; Li, Zhang, et al., 2022).

These development trends highlight the following areas:

- Adaptation of the legal framework of the digital economy to international standards;
- Application of tax incentives for e-commerce participants;
- Formation of a human capital strategy aimed at the development of digital education and skills;
- Ensuring digital equality by expanding internet infrastructure in the regions;
- Building market analytics and price forecasting models using artificial intelligence and big data.

Thus, the results achieved by Azerbaijan in the field of e-commerce and digital banking strengthen the country's ambitious position for regional digital leadership by 2030. In the future, the integration of digital services, artificial intelligence-based management and expansion of cross-border e-commerce opportunities will be one of the priority directions in this field (Huseynzadeh, 2024; Hajiyeve, 2021; Jamalova, 2024; Abbasov, 2024).

## Conclusion

The conducted analyses show that the development of e-commerce and digital banking in Azerbaijan has become one of the main directions of the country's socio-economic modernization. During 2020-2024, the number of e-commerce turnover and online payment users more than doubled, which indicated a sharp increase in demand for digital services (Huseynzadeh, 2024).

The expansion of e-commerce has also accelerated the integration of digital banking systems, the volume of mobile banking transactions has increased almost threefold, and the level of customer satisfaction has increased from 68% to 88% (Jamalova, 2024). These processes show that the development of financial technologies and e-commerce platforms has complemented each other and led to the formation of a single digital economic environment.

Hajiyeva (2021) notes that for the sustainability of these positive dynamics, it is important to improve the legal and regulatory framework, expand digital infrastructure in the regions, and increase the level of digital literacy. At the same time, strengthening public-private sector cooperation and increasing access to digital markets for startups and SMEs (small and medium-sized businesses) are among the priority areas.

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