

Strategic Approach to e-commerce at the World Bank

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Abstract:

The study aims to illustrate the strategic importance of e-commerce in the World Bank, To achieve the goal of The study presented the theoretical frameworks associated with the strategic aspect of e-commerce in banks, to be moved to the presentation of the use of the resources of the World Bank as strategic by presenting a statistical reading of the reality of financial services provided by the International Bank for Reconstruction and Development, and then presenting The bank's commitments to achieve results in the countries of the world to finally show case the horizons associated with e-commerce in the bank; In the study the most important results will be presented and discussed.

Keywords: strategy, e-commerce, World Bank.

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Introduction:

With technological development, the way we conduct our economic and financial affairs has changed. The extensive use of technology by banks and financial institutions aims to respond to customers' demands by providing efficient, fast and convenient financial services. In addition, e-commerce has also provided benefits to organizations, consumers and society through diverse strategies in the form of business-to-business, business-to-consumer, business-to-administration and consumer-to-administration;

Moreover, the internet has resulted in e-commerce becoming one of the most significant areas of commerce (as well as in other parts of life) in the twenty-first century. By using the infrastructure provided through the internet, retailers can now expand their e-commerce activities, despite the fact that the increasing use of diverse approaches by the customers has made e-commerce highly competitive. The extensive use of e-banking services has also expanded into e-commerce areas¹;

The following question can be asked: **what is the strategic orientation of the World Bank's e-commerce to reduce poverty and invest in opportunities?** The following sub-queries may therefore be raised:

- What's the strategy?
- What is e-commerce?
- What are the World Bank's regional horizons?
- What is the reality of using resources strategically?
- What is the reality of commitment to results at the World Bank?
- What are the prospects of e-commerce for the World Bank?

In order to answer the research questions, the descriptive approach will be followed by presenting the theoretical frameworks associated with the strategy and e-commerce in the banks and then moving on to showcase the bank's achievements to reduce poverty and invest in opportunities by presenting the statistical reality of

¹Asutay MNA& M,E - **Commerce a Ctivities Through E - Banking Services: a Comparative Analysis of the Perceptions of Saudi Islamic and Conventional Banks Customers**,ternational J Bu si ness Ma nagement Rev, 3(7), doi:10.1017/CBO9781107415324.004(2015),pp49-50.

the use of resources in a manner Strategic the prospects for the adoption of e-commerce in African countries will be addressed.

First. General concepts about Strategy and e-commerce

In this field we have the following elements: Strategy E-business and e-commerce, E-commerce, Categories of e-commerce.

1. Strategy

Johnson and Scholes, 2002 give an overall definition of strategy as the long-term direction of an organization. According to Mintzberg strategy can be viewed in various forms, as a plan, pattern, position, ploy and perspective. As a plan, it is a means of getting from here, to there. In other words, it is a "how". As a pattern, it is a pattern in actions over time. Thus, a company that regularly markets cheap, mass produced products is using a "Low end" strategy, Mintzberg argues that strategy is a ploy where by it is designed to deceive or to manipulate for gain. As a position, Mintzberg argues that strategy reflects decisions to offer particular products or services in particular markets. Lastly, he also argues that Strategy is a perspective, that is, vision and direction. Essentially strategy captures all these perspectives. It is a plan, pattern, position, ploy and perspective. In essence, Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other².

2. E-business and e-commerce

The Internet technologies (World Wide Web, intranet, extranet, etc.) and the knowledge on how to implement them in the business area, Is the starting point for the concept underlying the symbiosis between technology and business, bearing the name of e-business. To be more specifically, what is the definition of e-business? According to IBM, which has defined this concept in 1997,"e-business can be the key in transforming business processes using Internet technologies." Analysed from a general perspective, e-business may gather under its umbrella three major components:³

²Asiabugwa MA, MunyokiJ,E-Commerce Strategy and Performance of Commercial Banks in Kenya, African J Bus Manag. 3(July) (2013):pp3-4.

³Mirescu, S. V., the Premises and the Evolution of Electronic Commerce, Journal of Knowledge Management, Economics and Information Technology, (2010) 1(1), 1–12. Retrieved from <http://www.scientificpapers.org>

- The human dimension that includes processes and activities related to research, development, marketing, manufacturing, logistics, management, etc.
- The technological-only component, akin to information-related technologies.
- Commercial or e-commerce component, taken as a whole and perceived primarily as a phenomenon – having a different meaning than the term known e-commerce, basically the purchase of goods and services through Internet technologies.

At first, closely linked (the confusion was unavoidable most of the time) to the concept of e- business was the notion of e-commerce which later on had differentiated itself, now being seen as an integral part of the first. Most definitions emphasize e-commerce as being the type of transaction in which the parties interact primarily through electronic media.

3. E-commerce

Electronic commerce, or e-commerce, is the buying and selling of goods and services on the Internet. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E- Business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, and of the way they think about such functions as marketing and logistics. Electronic commerce framework is comprised of three levels that this framework is needed to for successful electronic commerce⁴.

4. Categories of e-commerce

- Business-To-Business e-commerce

The largest category of e-commerce is business-to-business (B2B) commerce. This involves companies conducting e-procurement, supply chain management, network alliances, and negotiating purchase transactions over the internet. Businesses use e-commerce to lower transaction costs of conducting business and to make savings in terms of time and effort when conducting business.

- Business-To-Consumer e-commerce

⁴Nasri et Bersouli, Electronic Commerce: The Strategic Perspective Amazon as a model, EL ACIL Review of Economic and Administrative Research Volume:30 N°:30(2019), p 223 -240

Business-to-consumer (B2C) e-commerce involves businesses introducing products and services to consumers via internet technologies. This includes companies selling software and hardware through the internet, taking orders for products that are subsequently delivered to the consumer, and providing digital services such as online magazines and search engines.

- Business processes

Business process refers to the use of e-commerce to tailor the internal activities of a business in order to maximize their efficiency and effectiveness. Through the use of e-commerce, businesses can fine-tune supply chains, provide advanced consumer relations management systems, and reduce transaction costs.

- Consumer-To-Consumer e-commerce

Consumer-to-consumer (C2C) e-commerce is concerned with the use of e-commerce by individuals to trade and exchange information with other individuals. There has been a huge growth in consumer-to-consumer auctions sites such as e-Bay and sites enabling consumers to offer goods and services to other consumers on an individual basis.

- Business-To-Government e-commerce

Business-to-government (B2G) e-commerce is concerned with the need for business to sell goods or services to governments or government agencies. Such activities include supplying the army, police force, hospitals and schools with products and services. Furthermore, businesses will often compete in an online environment for contracts to provide services to the public on behalf of the government. Such services may include the collection of taxes, and the supply of public services⁵.

Secondly. Electronic banking and money and Advantages of E-Commerce for Banks

In this field we have the following elements: Electronic banking refers to the provision of retail and small value banking, Electronic money refers to "stored value" or prepaid payment mechanisms, Advantages of E-Commerce for Banks.

1. Electronic banking refers to the provision of retail and small value banking

products and services through electronic channels.² Such products and services can include deposit-taking, lending, account management, the provision of financial advice, electronic bill payment, and the provision of other electronic

⁵Nasri et Bersouli (2019), **Ibid**

payment products and services such as electronic money (defined separately, below). Two fundamental aspects of electronic banking are the nature of the delivery channels through which activities are pursued, and the means for customers to gain access to those channels. Common delivery channels include "closed" and "open" networks. "Closed networks" restrict access to participants (financial institutions, consumers, merchants, and third party service providers) bound by agreements on the terms of membership. "Open networks" have no such membership requirements. Currently, widely used access devices through which electronic banking products and services can be provided to customers include point of sale terminals, automatic teller machines, telephones, personal computers, smart cards and other devices.

2. Electronic money refers to "stored value" or prepaid payment mechanisms

for executing payments via point of sale terminals, direct transfers between two devices, or over open computer networks such as the Internet.³ Stored value products include "hardware" or "card-based" mechanisms (also called "electronic purses"), and "software" or "network-based" mechanisms (also called "digital cash"). Stored value cards can be "single-purpose" or "multi-purpose".⁴ Single-purpose cards (e.g., telephone cards) are used to purchase one type of good or service, or products from one vendor; multi-purpose cards can be used for a variety of purchases from several vendors.⁵ Banks may participate in electronic money schemes as issuers, but they may also perform other functions. Those include distributing electronic money issued by other entities; redeeming the proceeds of electronic money transactions for merchants; handling the processing, clearing, and settlement of electronic money transactions; and maintaining records of transactions⁶.

3. Advantages of E-Commerce for Banks

Banks have an important reason to pursue the conduct of business on-line.² If they fail to respond to the opportunities posed by the Internet, they could be consigned to a largely secondary role as commerce shifts toward electronics over time. In that event, they would process payments for buyers and sellers engaged in e-commerce, but they would have little chance to engage independently with buyers and sellers or to offer their own products in the electronic marketplace. By contrast, if banks do establish a presence on the Internet (Figure 1, dotted lines),

⁶Bank of International Settlements, **Basel Committee on Banking Supervision. Risk management for electronic banking and electronic money activities, Switzerland.** .1998;(March) pp3-4.

they should be in a position both to market traditional banking products more efficiently and to develop and sell new products sought by e-commerce participants⁷.

Third. Deploying Resources Strategically

In this field we have the following elements: Regional Perspectives,

1. Regional Perspectives

The World Bank operates today out of 140 offices world wide. An increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely services to its partners in those countries. Ninety-four percent of Country Directors/Country Managers and 43 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies implemented⁸.

FIGURE 01:Regional Perspectives



Source: Available on the site: <http://www.albankaldawli.org/ar/about/annual-report>, Viewed on: 02-04-2019

4. Maintaining budget discipline to maximize the use of financial resources

The World Bank Group aligns its resources through an annual strategic planning, budgeting, and performance review exercise, called the “W” process for its three top-down decision points and two bottom-up input phases⁹:

W1: Considering external factors and clients’ demands, senior management sets strategic planning priorities;

W2: Vice-presidential units (VPUs) review and respond to corporate priorities;

⁷WenningerJ, **The Emerging Role of Banks in E-Commerce**, Curr Issues Econ Financ. 6(3) (2000):1-6.

⁸Available on the site: <http://www.albankaldawli.org/ar/about/annual-report>, Viewed on: 02-04-2019

⁹Available on the site: **Ibid**, Viewed on: 02-04-2019

W3: Senior management refines the guidance on priorities for each World Bank Group institution;

W4: VPUs develop work programs in response to determined priorities and planned budget envelopes;

W5: Senior management for each institution separately review VPU-level allocations and agree on aggregate budget proposals. The Board reviews and approves budgets for the next fiscal year.

The World Bank Group has made significant progress in aligning its budget to address development priorities, to reinforce selectivity and efficient delivery, and to maintain budget sustainability. It has done so through a combination of revenue expansion and spending containment measures that include completing an Expenditure Review that saved \$400 million. The World Bank has also implemented new sustainability principles and budget indicators that allow for administrative expenses to be covered by revenues generated from operations, and realigned its budget with strategic priorities. The Bank Group is committed to continued financial sustainability, strategic alignment, and efficiency.

During the fiscal 2019–21 planning period, the Bank Group will focus on priorities arising from the organization’s goals of ending extreme poverty and boosting shared prosperity, as set out in its Forward Look strategy. Specific priorities include: support for client-facing work, particularly for the IDA18 scale-up and areas affected by fragility, conflict, and violence, and for meeting the IBRD capital increase policy commitments; the Bank Group-wide partnership to crowd in private sector investment and create new markets to maximize finance for development; a renewed focus on human capital and on enhancing the Bank Group’s leadership on global issues; and improvement of the business model for greater effectiveness and efficiency.

5. IBRD financial commitments and services

IBRD is a global development cooperative owned by its 189 member countries, As the largest multilateral development bank in the world, it provides loans, guarantees, risk management products, and advisory services to middle-income and creditworthy low-income countries and coordinates responses to regional and global challenges, In fiscal 2018, new IBRD lending commitments

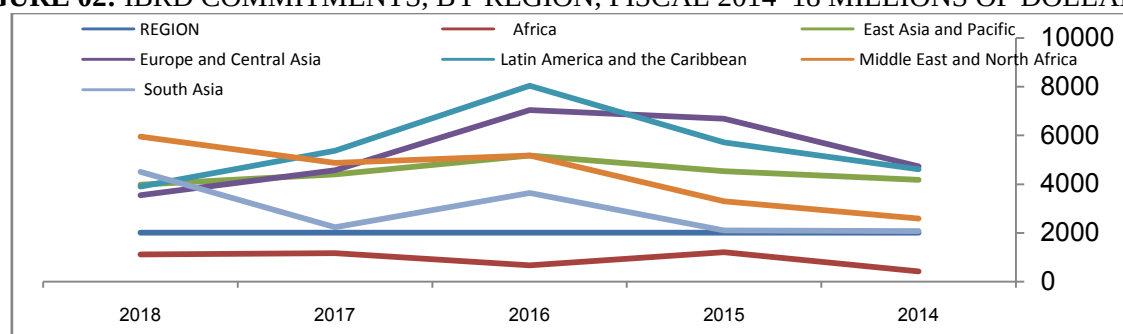
amounted to \$23.0 billion for 124 operations, of which two were IBRD and IDA blended operations¹⁰.

TABLE 01: IBRD COMMITMENTS, BY REGION, FISCAL 2014–18 MILLIONS OF DOLLARS

REGION	2014	2015	2016	2017	2018
Africa	420	1,209	669	1,163	1,120
East Asia and Pacific	4,181	4,539	5,176	4,404	3,981
Europe and Central Asia	4,729	6,679	7,039	4,569	3,550
Latin America and the Caribbean	4,609	5,709	8,035	5,373	3,898
Middle East and North Africa	2,588	3,294	5,170	4,869	5,945
South Asia	2,077	2,098	3,640	2,233	4,508
Total	18,604	23,528	29,729	22,611	23,002

Source: World Bank Annual Report 2018

FIGURE 02: IBRD COMMITMENTS, BY REGION, FISCAL 2014–18 MILLIONS OF DOLLARS



Source: Excel Output

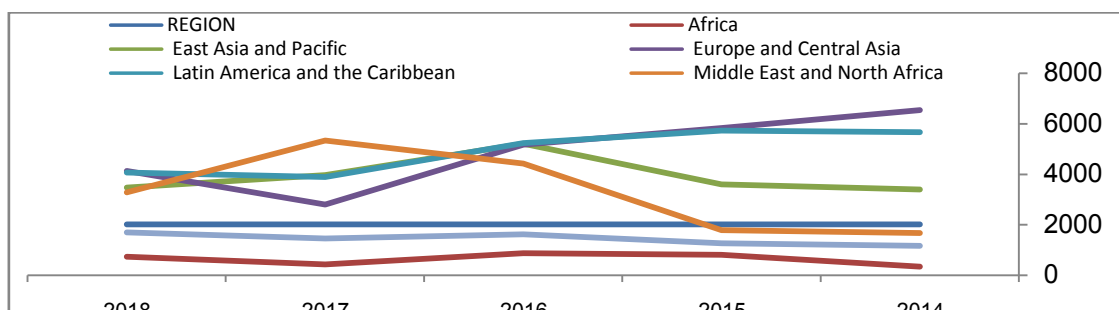
TABLE 02: IBRD DISBURSEMENTS, BY REGION, FISCAL 2014–18 MILLIONS OF DOLLARS

REGION	2014	2015	2016	2017	2018
Africa	335	816	874	427	734
East Asia and Pacific	3,397	3,596	5,205	3,961	3,476
Europe and Central Asia	6,536	5,829	5,167	2,799	4,134
Latin America and the Caribbean	5,662	5,726	5,236	3,885	4,066
Middle East and North Africa	1,666	1,779	4,427	5,335	3,281
South Asia	1,165	1,266	1,623	1,454	1,698
Total	18,761	19,012	22,532	17,861	17,389

Source: World Bank Annual Report 2018

FIGURE 03: IBRD DISBURSEMENTS, BY REGION, FISCAL 2014–18 MILLIONS OF DOLLARS

¹⁰World Bank Annual Report 2018



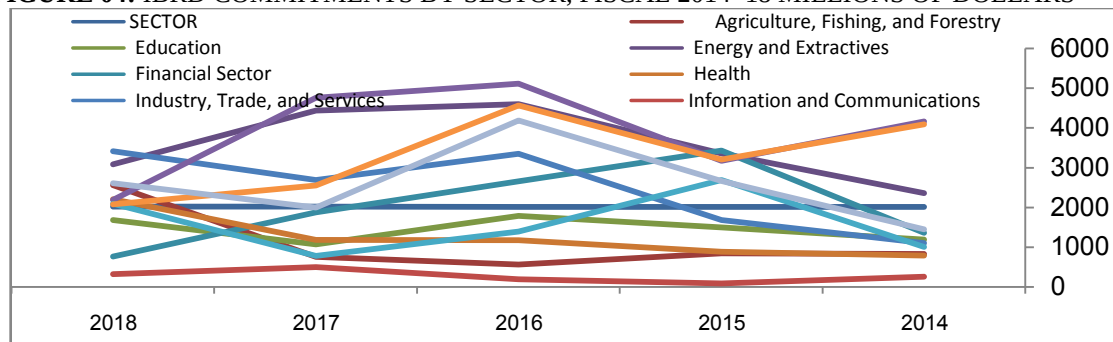
Source: Excel Output

TABLE 03: IFRD COMMITMENTS BY SECTOR, FISCAL 2014–18 MILLIONS OF DOLLARS

SECTOR	2014	2015	2016	2017	2018
Agriculture, Fishing, and Forestry	829	843	561	754	2,561
Education	1,192	1,496	1,788	1,074	1,685
Energy and Extractives	2,359	3,361	4,599	4,434	3,084
Financial Sector	1,360	3,433	2,657	1,879	764
Health	793	893	1,181	1,189	2,204
Industry, Trade, and Services	1,106	1,684	3,348	2,694	3,416
Information and Communications Technologies	262	90	194	503	324
Public Administration	4,162	3,175	5,111	4,754	2,189
Social Protection	1,006	2,687	1,393	778	2,091
Transportation	4,089	3,202	4,569	2,551	2,074
Water, Sanitation, and Waste Management	1,447	2,664	4,192	2,000	2,610
Total	18,60	23,52	29,72	22,61	23,002

Source: World Bank Annual Report 2018

FIGURE 04: IFRD COMMITMENTS BY SECTOR, FISCAL 2014–18 MILLIONS OF DOLLARS



Source: Excel Output

Note: Numbers may not add to totals because of rounding. As of fiscal 2017, new sector categories have replaced the previous taxonomy as part of an internal data modernization effort. Past fiscal year data reported here have been revised to reflect the new categories and therefore may not match figures published in

previous annual reports. Please visit www.projects.worldbank.org/sector for more information on changes¹¹.

TABLE 04: IBRD COMMITMENTS BY THEME, FISCAL 2017–18 MILLIONS OF DOLLARS

THEME	2017	2018
Economic Policy	1,677	1,124
Environment and Natural Resources Management	7,237	10,409
Finance	3,330	2,501
Human Development and Gender	2,687	6,641
Private Sector Development	5,741	4,945
Public Sector Management	3,516	1,353
Social Development and Protection	939	2,844
Urban and Rural Development	5,937	8,59

Source: World Bank Annual Report 2018

Note: As of fiscal 2017, new theme categories have replaced the previous taxonomy as part of an internal data modernization effort. Because lending commitments for individual operations can be applied to multiple theme categories, figures organized by theme do not add up to fiscal year commitment totals, and therefore should not be summed. Past fiscal year theme data have been remapped but not revised according to the new methodology. As they are no longer directly comparable, historical data are not included here. Please visit www.projects.worldbank.org/theme for more information on changes¹².

TABLE 05: IBRD TOP COUNTRY BORROWERS, FISCAL 2018 MILLIONS OF DOLLARS

COUNTRY	COMMITMENTS	COUNTRY	COMMITMENTS
India	3,453	Iraq	1,110
Egypt, Arab Rep.	2,180	Argentina	1,000
Indonesia	1,800	Tunisia	930
China	1,788	Pakistan	855
Turkey	702	Colombia	1,492

Source: World Bank Annual Report 2018

6. IBRD financial resources and financial model

To fund development projects in member countries, IBRD finances its loans from its own equity and from money borrowed in the capital markets through the issuance of IBRD bonds. IBRD is rated Aaa by Moody's and AAA by Standard & Poor's, and investors view its bonds as high-quality securities. Its funding strategy

¹¹World Bank Annual Report 2018, [Ibid](#)

¹²World Bank Annual Report 2018, [Ibid](#)

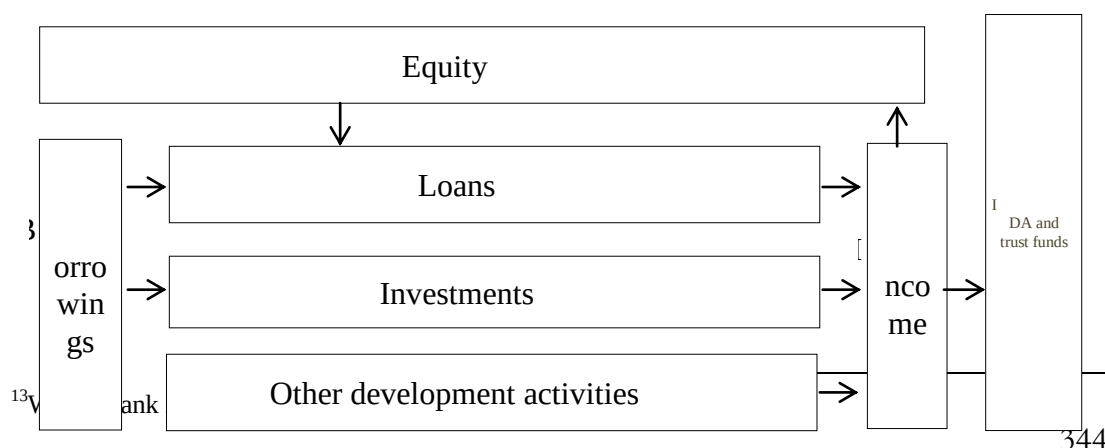
is aimed at achieving the best long-term value on a sustainable basis for borrowing members, IBRD's ability to intermediate the funds it raises in international capital markets to developing member countries is important in helping to achieve its goals;

All IBRD bonds support sustainable development. IBRD issues its securities through both global offerings and bond issues tailored to the needs of specific markets or investor types. Its bonds connect the private and public sectors to the IBRD's development goals through investors such as asset managers, insurance companies, pension funds, central banks, corporations, and bank treasuries from around the world. IBRD issues bonds to investors in various currencies, maturities, and markets, and at fixed and variable terms. It often opens new markets for international investors by issuing new products or bonds in emerging market currencies. IBRD's annual funding volumes vary from year to year;

IBRD's strategy has enabled it to borrow at favorable market terms and pass the savings on to its borrowing members. Funds not immediately deployed for lending are held in IBRD's investment portfolio to provide liquidity for its operations. In fiscal 2018, IBRD raised US dollar equivalent (USDeq) \$36.0 billion by issuing bonds in 27 currencies;

As a cooperative institution, IBRD seeks not to maximize profit but to earn enough income to ensure its financial strength and sustain its development activities, Of fiscal 2018 allocable net income, the Executive Directors recommended to the Board of Governors the transfer of \$248 million to IDA and the allocation of \$913 million to the General Reserve. As part of its lending, borrowing, and investment activities, IBRD is exposed to market, counterparty, country credit, and operational¹³.

FIGURE 05: IBRD BUSINESS MODEL



Source: World Bank Annual Report 2018

7. IDA financial commitments and services

The International Development Association (IDA) is the world's largest multilateral source of concessional financing for the poorest countries. It provides financing in the form of development loans, grants, and guarantees to support these countries' efforts to increase economic growth, reduce poverty, and improve the living conditions of the poor.

In fiscal 2018, 75 countries were eligible for IDA assistance. In addition, three countries Bolivia, Sri Lanka, and Vietnam, which graduated at the end of the IDA17 Cycle are receiving exceptional transitional support from IDA. New IDA lending commitments amounted to \$24.0 billion for 207 operations, of which two were IBRD and IDA blended operations. These commitments included \$18.5 billion in credits, \$5.0 billion in grants, and \$463 million in guarantees. In addition, 12 projects and one program were supported under the IDA18 IFC-MIGA Private Sector Window (PSW) for a total of \$185 million¹⁴.

FIGURE 06: IDA financial commitments and services



Source: World Bank Annual Report 2018

8. World Bank allocates \$25 billion to support Africa's digital transformation

Dr. Sahar Nasr, Minister of Investment and International cooperation, participated in a session on the "Digital Economy of Africa" in the events of the

¹⁴World Bank Annual Report 2018, [Ibid](#)

World Bank's spring meetings in Washington, which was opened by Kristalina Georgieva, managing director of the World Bank, in the presence of AmaniAbouZeid, Commissioner of the Federation's infrastructure , Joseph Muichiro, Secretary of the Council of Ministers for Information and Communication technologies of Kenya, and Paula Angbir, Minister of Information Technology of Rwanda.

In conjunction with Egypt's presidency of the African Union, the World Bank has confirmed its allocation of \$25 billion to invest in Africa's Digital transformation initiative over the next 10 years and another \$57 billion for infrastructure projects in the continent over the next three years .

Mokhtar Diop, World Bank vice president for infrastructure affairs, said the bank will invest about \$25 billion to support the digital transformation over the next 10 years in collaboration with the private sector¹⁵.

Conclusion and discussion of findings:

By presenting the theoretical frameworks for research and applied frame works, we were able to answer the questions of the research as follows:

- **What's the strategy?** In essence, Strategy is the bridge between policy or high-order goals on the one hand and tactics or concrete actions on the other .

- **What is e-commerce?** Electronic commerce, or e-commerce, is the buying and selling of goods and services on the Internet. Other than buying and selling, many people use Internet as a source of information to compare prices or look at the latest products on offer before making a purchase online or at a traditional store. E- Business is sometimes used as another term for the same process. More often, though, it is used to define a broader process of how the Internet is changing the way companies do business, of the way they relate to their customers and suppliers, and of the way they think about such functions as marketing and logistics¹⁶. Electronic commerce framework is comprised of three levels that this framework is needed to for successful electronic commerce.

¹⁵Available on the site:
<https://akhbarelyom.com/news/newdetails/2834521/1/%D8%A7%D9%84%D8%A8%D9%86%D9%83-%D8%A7%D9%84%D8%AF%D9%88%D9%84%D9%8A-%D9%8A%D8%AE%D8%B5%D8%B5-25-%D9%85%D9%84%D9%8A%D8%A7%D8%B1-%D8%AF%D9%88%D9%84%D8%A7%D8%B1-%D9%84%D8%AF%D8%B9%D9%85-%D8%A7%D9%84%D8%AA%D8%AD%D9%88%D9%84-%D8%A7%D9%84%D8%B1%D9%82%D9%85%D9%8A-%D9%81%D9%8A-%D8%A3%D9%81%D8%B1%D9%8A%D9%82>, Viewed on: 17-04-2019

¹⁶Khan, A. G., **Electronic Commerce: A Study on Benefits and Challenges in an Emerging Economy**, Global Journal of Management and Business Research: Economics and Commerce, 16(1) (2016), Retrieved from https://globaljournals.org/GJMBR_Volume16/3-Electronic-Commerce-A-Study, p19

- **What are the World Bank's regional horizons?**The World Bank operates today out of 140 offices worldwide. An increased presence in client countries is helping the Bank to better understand, work more effectively with, and provide more timely services to its partners in those countries. Ninety-four percent of Country Directors/Country Managers and 43 percent of staff are based in countries within each of the six geographical regions. The following section highlights the major goals achieved, projects undertaken, strategies implemented

- **What is the reality of using resources strategically?**The SCD identifies the barriers to eliminating extreme poverty and boosting shared prosperity within a country, and is carried out by the WBG before developing a new partnership framework with a country. The diagnostic guides the development of the Country Partnership Framework (CPF), which outlines the strategic interventions and support on which the WBG and partner country will engage. This process has been in place since July 2014, and as of the end of this fiscal year, the WBG has prepared SCDs in 90 countries and new CPFs in 57 countries.

- **What is the reality of commitment to results at the World Bank?**The World Bank helps to promote sustainable development in partner countries by providing financing, sharing knowledge, and working with the public and private sectors. Delivering integrated solutions to help countries address their development challenges requires a focus on results. In recent years, the Bank has made important contributions across many areas to support development results achieved by its partner countries

- **What are the prospects of e-commerce for the World Bank?**MokhtarDiop, World Bank vice president for infrastructure affairs, said the bank will invest about \$25 billion to support the digital transformation over the next 10 years in collaboration with the private sector.

Finally, the importance of the strategic dimension of e-commerce in the development of the World Bank's activities in comparison to the achievements and challenges faced by the bank, especially in African countries, has become apparent.