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E-COMMERCE WITHIN LEBANESE BANKS SUSTAINABILITY CONCERNS; ADVANTAGES AND LIMITATIONS

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Abstract

Electronic commerce is conducting and executing any trade, business or service through the electronic channels and the Internet website. By analyzing the advantages and limitations of e-commerce we identify the positive contribution to the traditional commercial practice and its Limitations. We also list the effects of e-commerce on the banks in Lebanon within the context of sustainability concern. We summarize the positive additions to the financial services provided and the negative aspects that are facing the banks in the financial economy and its own characteristics. The ease of conducting e-commerce transactions still carries with it many deficiencies intrinsic to the digitized world rendering it unsecure and in need a lot of innovation, development and securitization. Some of the banks in Lebanon have felt the pressure for sustainability and innovative development of its systems and service partnership to overcome the prevailing worries of the digital world and to have the upper hand in the developing e-commerce economy. In this research we adopt the desktop methodology and research the critical issues that dominate the e-commerce industry and its effect on the Lebanese Bank through the sustainability concerns and the service they provide for customers and institutions. Knowing that there is limited information specific to e-commerce published by the banks and organizations in Lebanon, we shall analyze a couple of bank's unique efforts in maintaining its market presence efforts.

Keywords

E-commerce, Banks, sustainability, Development, Fraud

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ABSTRACT: *Electronic commerce is conducting and executing any trade, business or service through the electronic channels and the Internet website. By analyzing the advantages and limitations of e-commerce we identify the positive contribution to the traditional commercial practice and its Limitations. We also list the effects of e-commerce on the banks in Lebanon within the context of sustainability concern. We summarize the positive additions to the financial services provided and the negative aspects that are facing the banks in the financial economy and its own characteristics. The ease of conducting e-commerce transactions still carries with it many deficiencies intrinsic to the digitized world rendering it unsecure and in need a lot of innovation, development and securitization. Some of the banks in Lebanon have felt the pressure for sustainability and innovative development of its systems and service partnership to overcome the prevailing worries of the digital world and to have the upper hand in the developing e-commerce economy. In this research we adopt the desktop methodology and research the critical issues that dominate the e-commerce industry and its effect on the Lebanese Bank through the sustainability concerns and the service they provide for customers and institutions. Knowing that there is limited information specific to e-commerce published by the banks and organizations in Lebanon, we shall analyze a couple of bank's unique efforts in maintaining its market presence efforts.*

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1. INTRODUCTION

Electronic commerce or e-commerce is the buying and selling of goods and services through the electronic channels like internet. In fact, any median like phone, cell phone, email, sms or online chat used to conduct business or finalize a transaction is considered within the context of e-commerce.

The present concept of e-commerce has long roots and origin in history and has originated in similar ways as old traditional trading. Since the silk roads that connected different cultures to trade what is made in one place to another place where it is needed is very much the essence of e-commerce. Yet it has become far easier and quicker for the buyer and the seller, just a click away, from a close or far place, so far that the only understandable act recognized is buying and selling.

At those times buyers and sellers used to meet and agree beforehand all the terms and conditions that binds them to commit into the trade of goods and services. One can start to name any commercial transaction or trade as electronic if it is made by the assistance or use of a phone or catalog. The seller even used to have a physical premises (Brick and Mortar) for people to visit and that gave him credibility of having the product or able to cater for customer needs. But as things developed and people were looking for to sell their and buy goods outside the boundaries of their geographical location, new set of rules came into existence and became the governing of any trade and service made between people who did not know each other. One of these elements is called Letters of Credit. These rules were put by the ICC (International Chamber of Commerce) and its continuous publications that were put to solve developing issues in commerce and trade and in conjunction with the financial sector and banks to guarantee and complete the trade. "Chief among the characteristics of supportive institutional environment are national respect for the 'Rule of Law' and secondarily the availability of credible payment

channels; i.e., transactional integrity” (Oxley, Yeung, 2001). The currently developing rules, for e-commercial activities, are put to secure the act of electronic trade. The successful outcome acts towards sustainability of financial systems and the sustainability of the productive economy within any society that finds the opening of new markets, close or distant, and secure financial transactions as the answer for their needs.

2. LITERATURE REVIEW

Every new development of communication is being used to develop trade or buy and sell transactions, promotion and marketing. The mail box, Land line, telex, swift computers, cell phones and the internet have all been exploited to promote or conduct trades of goods and services and finalize these transactions. These business relations that develop from a successful experience are essential to do business again and help in speaking in favor of the seller in the market. In the 1968's businesses used the Electronic Data Interchange (EDI) to share data and documents (Brewer, 2013). When the US military created the ARPANet to communicate safely about war issues, in the event of nuclear attack, they switched it to transmission Control Protocol and Internet Protocol (TCP/IP) and the internet we know was born in 1982. The first commercial trade considered in e-commerce world is the sale of books by a garage built company named Amazon to people in about 45 countries in the first month of business it was developed (Hartmans, 2018). Since then, Associations, companies and individuals are seeking to have at least one hand in electronically doing business, e-commerce, with their customers. Radio and TV campaigns, billboards, website (Amazon and e-bay) development and promotions, multimedia messages and internet cookies (mobile applications like Facebook and Yahoo) are all sorts of sending the message that we are able and willing to deal with you. The e-commerce business involves transactions made by Businesses to Businesses (B2B) or Businesses to Customers (B2C) or Customers to Customers (C2C) or Associations too Businesses (A2B) or Associations to Customers (A2C) and vice versa. The development of security enabled mobile and online applications has created a feeling of trust which is one of the crucial elements crucial element is the steady development of e-commerce (Bhalla, 2017).

2.1 The Advantages of E-commerce

By e-commerce we should by now also consider that it is any transfer of business documents, forms, money order, internet banking and supply orders and bills (Manthou, Vlachopoulou, Folinias, 2003). The main advantage of e-commerce is its ability to reach a wider market than the physical establishment and a global market without necessarily implying a large financial investment. The increasing number of people commencing in e-commerce and the increasing money value in this kind of trade is because of the following reasons:

- 2.1.1 Urban Development: The involvement in e-commerce has increased the chances of rural and urban citizens to make business by decreasing the effects of geographical obstacles and rendering the presence in areas away from the center of cities being a random issue for trade and not a major effect (Schoder, Ding, Campos, 2016). This has put pressure on municipalities and governments to provide and upgrade the utility services in urban locations. It has aided the citizenship demographical change being less sensitive to income issues by providing an alternative to displacement and offerings.
- 2.1.2 Enforces Sustainability: By being able to buy and sell practically anything online through e-commerce platform and applications, people are being able to decrease the effect of depreciation and idleness. The concept of successful payments and return policy insured by banks helps strengthen the concept of sustaining merchants businesses and the customer satisfaction (chainstoreage, 2017). On the other hand, the concept of sharing economy reduces the stress on the natural resources and takes advantage of the existing goods and services to be shared generating income lest staying idle (Fetch, 2017).
- 2.1.3 Low internal cost: it helps organizations, individuals and Entrepreneurs reduce the cost linked to sales procedure like points of sale, retail shops and paper based information.
- 2.1.4 Simplify the business process: Make the business process faster and efficient. Some companies apply this fact by making instant order manufacturing by demand. The order to produce is given when the purchaser commits by paying for the good; the order is electronically given to the manufacturing to commence.
- 2.1.5 Store Opening time: The stores are now 24/7/365 open in e-commerce engaged Associations, merchants and individuals. Stores are “always open”, that is the customer’s point of view. It saves time for potential buyer to go through a lot of their purchase options (esalestrack, 2018)
- 2.1.6 Low prices: One of the most tangible advantages of e-commerce is the lowered costs in many aspects. A part of these lowered costs due to competition could and are passed on to the customers in the form of discounted prices, promotions and cheap attached sales. Needless to mention, that some goods like e-books, music albums, audio clips and software purchases can be delivered on-line which in turn saves cost to the buyer. “Decreased need for manual storing of documents, high use of digitally exchanged

documents which leads to lower inventory cost and shortened duration of transaction” (O’Callaghan, Turner, 1995).

Other ways that costs can be reduced with e-commerce are;

- 2.1.6.1 Advertising and Marketing: searching engines and engine traffic, pay-per-click and social media are some of the advertising channels that can be cost effective. If the advertisement success is measured by the number of viewers, internet ads have the potential to be viewed by millions. It reduces cost of gathering information and data collection about their products, services, customers and individuals. Even distribution cost elimination affects the selling price, “Since distribution system costs are essentially removed from the system, customers are able to get their orders delivered very quickly with a relatively low cost” (Schniederjans, 2002).
- 2.1.6.2 Personnel Cost: The automation of ordering, Billing, on-line payments, inventory control and management, and other operational paper free processes lower the number of employees required to run an e-commerce setup. In also eliminating the cost of middle men that their cost generally falls on the consumer, products become cheaper.
- 2.1.6.3 Real Estate: An e-commerce advantage to sellers and buyers. Merchants do not need a permanent prominent location to pay rent or lease. If you have a physical store, then you are limited to the geographical area. But the headquarters of a company in e-commerce could simply be the garage or the room in the attic as long as there is an internet connection with the suppliers, distributors and customers.
- 2.1.7 Comparison shopping: There are several online services that allow customers to browse multiple e-commerce merchants and find the best prices for the same product or service. There also is the availability of finding similar and conjunctive products and services, more variety, as the suppliers put them and as the previous purchasers have made.
- 2.1.8 Abundance of Information: There are limitations to the amount of information that can be displayed in a physical store. It is difficult to equip employees to respond to customers who require information across product lines. E-commerce platforms provide easily available information to customers without even asking. Most of this information by vendors does not cost to create or maintain. The Information technology system just selects key words about the product and tags them to the description and information logs. Companies also invest in making new systems to identify customer preferences, comparative items by style and price, similar buying techniques and even geographical cultural purchasing habits.
- 2.1.9 Ease to start a business: Unlike traditional retail business where it takes time to constitute a company and a legal business, e-commerce store can be up and running in just a few clicks. There are e-commerce platforms that provide business developers with readymade templates to create one’s store. The concept of Drop shipping is a way to outsource inventory and shipping (Khurana, 2017.) These existing companies carry business on the behalf of the seller and use his branding and packaging, all this without even ever meeting with them.
- 2.1.10 Convenience: The products and services are just out of reach and for the right amount to be paid for the delivery; the buyer can enjoy his purchase with minimal time spent. On the other hand, convenience means that customers can browse whole directories of catalogues, compare prices and buy any product and service from any place in the world without leaving their seat. The seller also can place practically infinite differentiated products without ever thinking about physical display or space (Stuart Elmes, <http://adimo.co>, “The e-Commerce Convenience Gap, and Why It Matters”, June6, 2018).
- 2.1.11 Niche Market Facilitator: The e-commerce market can cater for all that can be sold and bought, even niche businesses for the wealthy or else. This can go from expensive cars to cheap coin collections. If it’s worth anything to anyone it is engaged in e-commerce.

2.2 Limitations of E-commerce

There are many limitations to the world of e-commerce linked to its very best attributes that made it grow over the past years. These limitations are being handled by the mass or producers and consumers. They are considered as un-avoidable consequence of being connected online for at-least one time or any

means of usable technology or has any data anywhere online. The e-commerce reach blurs geographical boundaries, favors customer based offerings and diminishes time and decreases traditional business cycle. Yet all that is said about the positive development to the whole business cycle surely has a lot of negative attributes and outcomes that has made the e-commerce process so weary and raises flags of caution, fear, abuse, financial loss and legal issues. Some of the limitations of e-commerce are:

- 2.2.1 **Low service levels:** It is a complaint that customers have about the low level of customer service that on-line companies tend to provide in comparison to the minimum service by physical companies or retail shops. Even companies are perceived to do little to cater for this issue. Since e-commerce is providing sales of goods and services domestically and internationally, the number of people engaged on the other end with the seller makes it unattainable to seek service excellence. The cultural and language differences are two main topics to tap on and it is highly expensive to manage. The electronic automated messaging systems that companies have developed do not solve the problem or even come close to it. They are being used just to collect feedback. The human factor for being with the client and adding the human touch to the concluded business and buying experience is irreplaceable. "Building and maintaining customer relationships is the key to success in e-commerce, and unless service is maintained, customer loss may result, more than offsetting any cost efficiencies gained by introducing e-commerce technology (Schniederjans, 2002).
- 2.2.2 **Data Abuse:** Companies store the data of the customer that includes passwords, credit card numbers and addresses. It also includes preferences and all the tracks of purchasing and preferable. The worries of the purchaser for the misuse of his information in unlawful way, sold, compared with other database or used in unauthorized spam are also the issues referred to the security of communications although the reverse side is not true (Elliot, Fowell, 2005).
- 2.2.3 **Low levels of Trust:** "In e-commerce business, trust can be defined as a user's belief or faith in the degree of which a specific service can be regarded to have a security and privacy threats. Trust is hard to gain and easy to lose" (Goa, Krogstie, Gransaether, 2008). It is also perceived as the crucial factor in relations where there is uncertainty, interdependence, risk and fear of opportunism. The buyer has to cater to all or one of these factors, at least, whenever he goes in to usual or a new vendor on-line and decides to check what he has and try to make a purchase. The intellectual buyer from any internet connection locally, nationally or internationally, usually looks for supporting feedback from other users website or from any source of information that speak out for the seller for the website. According to research done by the US Department of Internet Retail, ComScore INC. May 18, 2017, only 59% of users have repeated their purchase online due to trust in the seller and satisfaction in the trade.
- 2.2.4 **Lack of Security:** It is the protection of e-commerce assets from unauthorized access, use, alternation, or destruction. This data is collected from every user that enters the sellers website and onwards. This data can be used in an unlawful way and could be used to incriminate its owner or destroy his public image, financial status or legal status. Data Leaked from the hack of credit reporting agency Equifax includes credit card information of about 209,000 customers in July 2017. It impacted 146 million customers globally (Bloomberg, 2017). Equifax was also fined 500 Thousand British Pounds in the UK for data breach of 15 million customers in the same incident (Archer, 2018).
The cost of a breach in security by a hacker to an e-commerce retailer is 172 US Dollars per record, and the total average cost of a single cyber-attack stands at 4 million US dollars. Securing on-line transaction data during its generation and then safeguarding after it has been stored in the database are critical issues for e-commerce engagers and data security providers.
- 2.2.5 **No guarantee of product quality and delivery:** The limitation of e-commerce in the unknown status of the product quality being purchased on-line, whether a tangible product or a service. The buyer does not know what the product is really like. He is not able to feel, touch, smell or even try the product before paying for it and he doesn't have confidence that the product will be delivered to his identified address. The buyer is even paying the whole cost of the product and simply getting delivered something else. Although there are solutions being implemented by the governing institutions of communities, states and cities like the CAN-SPAM Act and the Digital Millennium Copyright Act, the effect of e-commerce surpasses their authority and extends beyond reachable borders. As long as the enforcement of law and the creation of governing

- rules to protect the customer from the sellers selling what he is not advertised, this guarantee of quality shall only be an existing nightmare for e-commerce.
- 2.2.6 Technical failure: We are connected to the internet via servers and connections that maintain their work as long there is maintenance and electricity. In addition, Servers shall be up working as long as their capacity can withhold the number of on-line users and shoppers. This technical issue can affect the completion of transaction due to varied performance of service engines and the providers of such connection. Any variation with electricity, natural conditions, thunderstorms, connectivity shall affect the e-commerce continuity and hinder the completion of the transaction. Such uncompleted transaction shall be either on the buyer's side (loss of purchase opportunity or payment without purchase) or the seller's side (this will lead to loss of sale or payment without sale).
- 2.2.7 Fraud: There are many illustrations of the fraud that is present and practiced in the e-commerce world. Although associations and businesses have been trying in vain to create a highly secure transaction process clear of fraud, the fraudsters always find new segments and ways to cheat people for their money. There are several categories of fraud. The cost of fraud is rising in the e-commerce business yet the number of individuals that are being attacked is getting tighter due to awareness campaigns and hardened security measure. In the USA, Fraud costs are up to 16 Billion US Dollars end of 2016 (Kehhi, 2017).
- 2.2.8 Identity Fraud: Is defined as the unauthorized use of another person's personal information to achieve illicit financial gain. Digitally connected consumers with extensive social network activity are 30% more exposed to greater risk than those who do not engage in more than one social network channel. So their traits and personal information is used to engage in fraudulent acts that leads to incur extensive financial burdens that exhausting the market and the individuals concerned. The identity theft complaints in society are rising due to e-commerce and have escalated from 393.000 in 2013 to 393.000 in 2014 and reached 490,220 cases of total identity theft complaints in 2015 (Javelin, 2018).
The data figures below have been taken from the publisher Javelin strategy and research organization (Javelin, 2018) about fraud and identity fraud victims in the United States for the three consecutive years:
A. Rising Identity Fraud Cases in 2014, 2015, 2016 and 2017 were 12.7, 13.1 ,15.4 and 16.7 million respectively
B. Rising Fraud Losses in 2014, 2015, 2016and 2017 were \$16.4, \$15.5, \$16.2 and 16.8 billion respectively
- 2.2.9 Software copyright infringements: The illegal use of copyrights in e-commerce has led to several legal lawsuits. One of the illustrative e-commerce lawsuits is known as Nap-Star case (a company that was founded as a peer-to-peer audio file sharing company that ran into legal difficulties related to copyright infringements rights. The company ceased operations and sold to Roxio (theguardian, 2018).
- 2.2.10 Credit card and payment Fraud: There is a perceived lack of security in the payment business especially credit cards and providing its information on-line for e-commerce transactions. In one fraud act by a hacker, the company Amazon announced that to inform 98.000 customers whose credit information has been stolen by an attack on one of its financial subsidiaries (Messmer, 2001).
- 2.2.11 Business fraud: E-commerce fraud in business is when on-line companies fail to deliver products or services who paid for them. Another type of business fraud is the businesses that are constituted for a short time and closed directly. In that time it would have made offers for products in a discounted value and sold on-line for many customers. Such companies need a long time to deliver and trick the customers for free delivery. By that time, they would have high number of sales and cashed in their money and closed the business without making any delivery.
- 2.2.12 Phishing Fraud: When the user receives an email asking to verify the date or any data on the card justifying that they need to refund a payment, it means that the fraudsters have this missing data to complete their fraud.
- 2.2.13 Friendly Fraud: It happens when the purchaser claims that his card has been stolen and asks for a refund just after he receives the purchased goods. This usually happens in economies where the delivery of goods is not connected with GPRS or any electronic positioning delivery system.
- 2.2.14 Card Testing Fraud: The fraudulent e-commerce site asks for card data and processes payments on another platform.

3. METHODOLOGY

This paper will consist of a case study about e-commerce within the Lebanese banks sustainability concerns. We will cover the advantages and limitations of such practice and the banks concerns by conducting desktop research methodology supported by real life participant expert information and banking experience in the field since the start of implementing the relative e-commerce service technologies within the banking system in Lebanon.

4. CASE STUDY

The e-commerce business in Lebanon has started several years ago. It commenced through telephone, newspapers and TV media. Advertisement magazines, special TV shopping programs and radio station programs have developed the e-commerce market in Lebanon.. Banks have been following up with this development because it opens way of business generation and a new market niche. The variation of investment for banks in the e-commerce system depends on the perceived potential for such developing business. It is perceived as the future dominant profit generating service for the bank and responsible for the sustainability of the organizations. On the other hand, it has become evident that by supporting such systems, banks are also investing in their corporate social responsibility acts supporting the sustainability of small and medium size businesses located in the big cities and rural areas. It also critically sustains the personal venture capitals by individuals who live not only in the cities buy in rural areas too. The two payment systems in e-commerce prevailing in the Lebanese market are payment upon delivery and plastic cards payments. Other individuals and companies that engaged in e-commerce activities were relying on the gateways provided by payment vendors like PayPal and MasterCard. These systems demanded a long individual merchant evaluation process to be listed with the payment companies. They also meant that any payment made online took between 25 and 35 days to clear and paid back to the seller through bank transfers and cashier checks.

We will address the issues that were faced by the banks with their card holders and POS merchants and the stream of complaints that are presented on a daily basis to the banks due to the weak infrastructure of the electronic systems. The Lebanese banks had to interfere and provide a more comprehensive and safe way to commence in e-commerce activities whether as a buyer or as a seller of online services and products. Up until 2015, the e-commerce market in Lebanon only totaled \$1 million (export.gov, 2017)

The service of providing relatively safe gateways and credit card payments by banks in Lebanon varied between banks and their market presence. Banks in Lebanon are divided into three categories relative to their market capital, Alfa, Beta and Gamma. The e-commerce service infrastructure, system support and maintenance service is only provided by two types of banks, mainly Alfa Banks like AUDI, BLOM, Bankmed, Fransabank and BOB, and specialized financial institutions like CCM and CSC.

Banks in Lebanon acted out of compliance and market share issues to develop such systems just because they had the financial capabilities and their internal developed communication structure supported their development of the new fiber optic system for online and electronic communication. The retail money transfer systems are provided by VISA, Master Card and American Express. These are the most prevailing electronic card system providers in Lebanon where the first two having the major market share.

The internet gateway payments, point of sale systems (POS) and card payment systems in Lebanon are all provided by VISA, and Master Card. Nothing is innovated or created by the banks themselves. Yet to the supporting electronic and fiber optic infrastructure, the Information Technology, the personnel knowledge and experience, customer service support and payment notification systems are all bought, supervised and maintained by the banks.

The e-commerce service provided by the banks is divided in to two main parts:

Card payment system: cards are a mode of payment system for individuals and companies from either funds present in the owner's bank account or with the bank (not in personal bank account) this is a three way card type system that is divided into, prepaid and recharge cards, direct debit cards and credit cards. It is the bank's decision which of these cards works online for e-commerce and online payments. Some of these cards do not function at all on the e-payment channels and others are designated for them. Even within the same type of cards, some are equipped with automatic purchase insurance protection or automatic fraud insurance protection system and others don't.

Gateway payment systems: these are programs used by merchants for online acceptance of payments. They are provided by the two major companies, VISA and Master card. The banks are just the mediators of the systems and they are the vendors of such systems for online use.

Banks are usually hesitant to start any financial relationship with any e-commerce provider due to compliance and money laundry Issues. Yet, merchants and companies that are familiar with the bank's

management and well known in the market are accepted directly and given the service provided by the bank for special fees. The presence of such stringent regulations in Lebanon has led to the survival of many e-commerce companies with the door to door payment policy systems. The bank's ever struggle to conform to the legislator of compliance rules and regulations, the Central bank, has made it hard to enter the market for new e-commerce companies. There are only 25 registered e-commerce companies in Lebanon (investinlebanon, 2018).

2.2 The Advantages of E-commerce on the Lebanese Banks

The whole payment system in Lebanon is outsources from either VISA or Master card completely. Banks in Lebanon only develop and maintain their internal networks and rent the external fiber optic and electronic network from the Lebanese government. The advantages of having the full technology that supports the practice of e-commerce whether it is the card payment industry or the gateway service programs benefit the bank in many ways. Some of the advantages of the service provided by the banks are the increase in:

2.2.1 Market share of electronic payment and merchant accounts: The sum of funds being transacted through e-commerce activities is evidently growing and the bank increases the number of merchants by buying or renting the payment gateways and its associated insurance and fraud support services. Blom bank implemented their payment system which is fully hosted by CyberSource, (The world's first payment management company) (blomretail, 2018).

2.2.2 Customer portfolio using electronic channels: The payment system of cards has proven to cost less than cash payments and handling. Such systems do generate opportunity cost to banks and their clients (Bankmed, 2018)

2.2.3 Banks' effort to provide urban services: In the effort to attract new clients, the presence of e-commerce supported system provides the banks with attractive systems to support individuals and companies to work from remote areas. Such practice can support the presence of successful urban commercial and production practices.

2.2.4 Customer product offer base: By providing the electronic payment system of cards and gate ways for merchants, the banks include such services and supports within their products and services offerings to the local and international customers. Systems such as ATM machines, Phone banking, ITM machines, Mobile banking, Call center services, Concierge services.

2.2.5 Customer Satisfaction: It does so by providing merchants and clients with reduces risk in security compliance, handling and storage of customer sensitive data, low maintenance on software and hardware, virtual transparency web browsing, multiple language support, online business center for order review and confirmation (Blombank, 2018).

2.2.6 Developing supportive systems: The e-commerce need to follow up on payments and financial settlements has led to the progress and development of user friendly applications and attributes necessary for merchants and individuals to follow up on their trade and consumption.

2.2.7 Support for sustainability of raw material goods and services: The ability to collect funds in a secure way helps benefit decrease the pressure on raw material consumption through collecting funds from shared economy practices

2.3 The Limitations of E-commerce on the Lebanese Banks

After reviewing the limitations of e-commerce in general, it is evident that banks, in general and specifically in Lebanon, have a lot to worry about providing their customers with electronic services. This worry is associated with the great threats within this technology. The service the banks provide related to the e-commerce industry does not decrease its limitations over any other service provided but carries intrinsic faults and hazards that are uniquely transferred into losses for banks in terms of risk, weighted risk, customer loss, funds loss and the hurdle of regulations and it's applications. It continues to be a challenge for the banks to acquire e-commerce technology and supporting programs and have the knowledgeable and appropriate work power to support the presence of service that needs to be as swift as money transferred electronically. The results of the limitations that affect the banks in Lebanon are:

2.3.1 Loss of organic growth of customers: Banks concentrate of growth from other banks and do not depend on their own portfolio of customers due to the high overhead cost that initiates attraction of new customers.

- 2.3.2 High cost of Fraud: The fraud figures relative to the nation are perceived as high comparing to other countries with higher payment index of higher GDP or population (BankAudi, 2018).
- 2.3.3 High number of complaints: The complaints figures relative to the nation are perceived as high comparing to other countries with higher population and higher regulator power and legislation.
- 2.3.4 Decrease in data security: The need to have external vendors to secure data and to pay a high maintenance cost for energy and space is associated with the Lebanese Banking industry.
- 2.3.5 Eliminating small banks from the system: The payment of such periodic and high costs by Alfa banks has created deficiency service symptoms for smaller banks. Eventually, they are losing customers for the big banks due to unavailability of e-commerce and complementary services.
- 2.3.6 High cost of Internet, telecommunication infrastructure, gateways and electronic systems: The infrastructure for electronic high speed communication has been down on losing for maintenance and absoluteness costs. This has made the banks reliant on the communication network personally pay the costs of replacing such networking systems and all their replacement.
- 2.3.7 Lack of legal and regulatory Framework: The legal system in Lebanon is unsupportive to the developments of trade and commerce since it has been constituted around the independence era. Since then only norms, legal judgments and foreign practice have modeled the legal system and it surely down falls when it comes to electronic trade and commerce. It also enjoys a lot of redundancy and bureaucracy (export, 2017).

E-commerce would not have been developed lest there was innovation in technology for electronic communication channels and relatively secure payment systems. The investment in the infrastructure of communication (internet and mobile phones) has led the entrepreneurs of the developed countries have an advantage over their peers in developing especially in emerging countries. The fact that developing countries low cost network and reliable communication systems has a powerful effect on the e-commerce business in terms of operation cost and trust in the sustainability of the communication channels. The public investments that developed countries made in infrastructure and education has long achieved its target in having a knowledgeable public, able to use the technology and respond to the changing world. Companies also have tended to employ this educated workforce in technology, communication and digitized systems. This has been an asset in the requirements of e-commerce companies and people seeking for a job in this ever developing world. Public investments shall grant an economic edge for entrepreneurs to have over competitors and shall increase sales and the financial status of companies and improve service. The investments on the electronic communication Technology, due to the development of communication infrastructure, has the compelling need to be increased due to the demand of sustainable and outreaching communication network all over the globe.

We have also seen that the Internet of Things (IOT) has not only developed e-commerce but has also helped develop in the fields of medicine, health and education. The internet (as data network) coverage has made it easier and cheaper to outreach the people living in the out stretch of countries and provide the needed government and associations services. It is evident that the developing and emerging countries should increase their expenditure and investment in communication and development of the electronic channels to make way for the development of their inner commerce and hence e-commerce. The positive attributes of e-commerce shall have its effect on global commerce and global business in a way that companies have never seen before. Usually selling was just a trade made with a ready consumer. Now e-commerce has brought the development of global business, literally a consumer speaking Chinese would like a piece of your cheese that you made in Holland and have it in your warehouse in Dubai. There are no boundaries to the growth of the global business that e-commerce has introduced. There is no more belief that something is out of reach.

We have also witnessed the effect of the e-commerce and its development of the financial system in Lebanon and specifically banks. Due to the fact that such information gathered about banks is not distributed for privacy and security issues, we have gathered our data from insider information responsible for the e-commerce systems, acquisition and development. It is for the few banks in Lebanon who can address the limitations of e-commerce afford its financial cost and work with international providers to develop a secure and safe financial means for the development of e-commerce. Such means can only be provided and afforded by the top banks in Lebanon who perceive the potential of sharing profits as the figures of e-commerce increase. It has become the new niche of control over the financial system yet it has a lot of support needed to render secure and confident. The challenges faced by these banks still need a lot of legislative support and law enforcement practices. It is worth mentioning that as the banking system is being governed by the Central Bank, all the services associated with the electronic technology being regulated. Yet there are minimal or shallow effects of these regulations are being perceived and the economy shall keep struggling in limitations at least in the perceived coming future.

5. CONCLUSION

It is clear and evident that the e-commerce business will keep growing. It has grown in the recent years with numerous advantages and efficiencies that made it prosper and attract more players. The attributes linked to it are perceived as rewarding and open profitable opportunities for people and selective banks in Lebanon to make sound investments and gains in both customer base and income. Although all the limitations are weakening its growth rest assured that they will not be overcome in the near future. The concerns for banks about sustainability in all its aspect do affect the performance of the banks in the short and medium term time span. Yet the commitment and contribution for the banks are towards these concerns of sustainability of self and the Lebanese economy compels the banks to commit to bare those threats and attaining a firm market share. E-commerce is here as long as technology and innovation keep bringing things closer, faster and cheaper. The major banks in Lebanon have decided that the e-commerce potential is promising and staying out of the e-economy will cost more than if they are not a major player from the start.

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