E-Business In Banking Sector: The Effectiveness Of Technology

Dr. Abdullah S. Al-Mudimigh

Abstract - In the last decade e-Business has been carrying out the best resources and investment plans for the business mans for growing their business as well as sufficient and useful alternatives for the customers to acquire their necessities. Everyone wants to start their business under the available circumstances, environment and capabilities to establish their business and facilitate the customers in secure atmosphere. Technology has been very helpful and plays an important role in e-businesses. In this paper we described importance of technology in e-business, particularly we select banking sector for showing effectiveness and significance of technology. We discussed the procedures and practices that can be apply for the customers to access all the available resources provided by the bank by using internet and other technologies. The key idea at the back to initiate the online banking services is to offer the customers with choice, more approachable and with less expensive options.

Keywords: Internet Banking, Use of Technology, E-Business.

I. Business Strategy Overview

In general, strategy can be stated as the direction and scope of an organization over the long term, which the organizations achieve through its configuration of resources within a challenging environment to meet the needs of markets and to fulfill stakeholder expectations [3]. On the average strategies differ from one organization to the other depending on the range of activities that the organizations carry out to the individuals working within those organizations. Michael Porter in his article, ‘Strategy and the Internet’ has stated that “we should move away from the rhetoric about ‘Internet industries’, e – business strategies’, and a new economy and see the Internet for what it is. In other he insisted that the Internet can be viewed as a set of powerful tools that can be used, wisely or unwisely, in almost any industry and as part of almost any strategy” [4]. It can be stated that strategic management consists of three main components namely strategic analysis, strategic choice and strategy implementation.

Fig 1. Three main components of strategic planning process

These three components of strategy can be used as a base for almost all organizations depending on the different levels of the industry accordingly. In the first stage of strategic management process, the organization should be able to conduct an external analysis and industrial analysis so as to understand a - the current state of the organization as compared to the industry and the markets, b – identify the competitive advantages to the
competitors and c. customer analysis of the buying behavior [1].

During the analysis stage, several tool such as five forces model, value chain analysis, SWOT analysis, Ansoff Matrix, Benchmarking, Balance Score card, PEST analysis, Profit Impact of Market Strategy (PIMS), and Costs & strategy are all recommended tools for the analysis stage [8].

In the second stage, the organization should be able to make choices based on the information derived from the tools. Taking this information the organization should be able to develop strategies that would be more beneficial for the organization and provide proper directions based on the resources available.

In the implementation stage, the organization should be able to take into considerations aspects such as behaviour & politics, leadership, organizational structure, planning and control [8].

VII. EBANK (ALIAS NAME) OVERVIEW

The bank under study, ebank is one of the leading online banks in the world which is part of Skandia Group, one of the largest insurance companies. ebank was established during the 1990s as “branchless” bank for the Swedish banking market based on providing services via the Internet and telephone channels serving over 400,000 customers [6].

The main purpose behind the launching of the Internet banking was to provide the customers with an alternative, more responsive and with less expensive options.

A. Strategic Analysis

Sweden is one the flourishing country’s, which has one of the largest banking industries in the world [5]. Based on the market requirements and the services provided, Internet usage over the number of years had increased which in turn provided an opportunity for businesses to capitalize on the new technology and utilize the technology to its maximum capabilities.

Based on the challenges posed by the emerging technology, majority of the banks in Sweden had taken the opportunity to go for online banking.

B. Strategy Choice

Based on the information derived from the emergence of the Internet users and the transformation from a telephone bank to an Internet bank, the senior managers developed management philosophy whereby the organization can be created into a future bank – as an organization that could easily change with new market trends as well as be
responsive to the customer needs. The management philosophy taken into account consisted of two parts such as:
1. The first part of the philosophy focused on developing a company culture that supported both personal responsibility and action.
2. The second part of the philosophy focused on getting the IT people and the business involved in adopting a customer viewpoint of the organization.

C. Strategy Implementation

In order for the transformation to occur, some of the measures adopted were:
1. Open sharing of all company performance information. In other words transparency was encouraged by sharing performance information and goals throughout the organization.
2. Creativity such as innovation and action were reinforced by the management team
3. Developed simple processes to collect customer complaints and sense customer needs.
4. Intensive training of individuals and teams to create self responsibility awareness which has lead to self monitoring of individuals and team performance goals.
5. Collecting, organizing and maintaining customer information through people and information processes set up to provide the information that drives the real customer relationship.

D. Online Components

For the online banking to be successful, ebank had adopted certain features such as:
1. Website Updating – ebank already had an existing website which allowed customers to have access to the information pertaining to the organization. Much of the information derived from the website was pertaining to the services and products offered by the Bank to the customers. After the transformation, the website was updated such that the customers could not only derive information but could also perform all of their banking functions via the website. The website provides a demo in Macromedia Flash of the Internet Banking procedures. The Bank also provides all the various forms for the type of transaction that needs to be completed. Once the customers become member, they are provided with pin number that will allow the customer to have direct access to the IT application Switch – board.
2. IT Application Switchboard – This infrastructure was designed such that all of the bank’s databases and systems can be linked into one integrated structure where customers could derive the required information regardless of the channel of entry. The IT Application also allowed ebank to interface directly with the existing banking industry infrastructure [7].

E. Business Model

ebank business model was based on three main principles which provided as guide for value creation for the customers as well as the company such as:
1. Truthfulness – ebank set up a straight forward and transparent fee schedule for the services that it provided to the customers
2. Simplicity – Simplicity was a factor that was applied to all aspects of the e – business model such as customer relationship, products and services, business processes, development of IT solutions and organizational structure.
3. High Interest Rates – ebank offered higher interest rates averaging 2 to 3 percent higher than the competitors.

II. Conclusions and Recommendations

ebank is one of the leading Internet Banks in the world that has developed a large customer base and success based on Internet technology providing customers ease of access to services via the standard telephones, voice-response units, GSM- technology, an HTML based Internet Banking interface with e-mail options, and now WAP technology. ebank has developed successful e – strategies and business models that are supported by information systems that are integrated into the organization’s operations to provide better services without loosing the edge on quality.

In the case study of ebank, it can be appropriated that the organization has developed to become one of the leading and successful online banks providing straightforward IT interface, clear and transparent information about customer and product segmentation and an open action – oriented culture for the employees.

Some of the recommendations that can be asserted for ebank are:
1. ebank provides a website that is only provided in their Swedish language thus making it inappropriate for other users to gain information in English thus limiting the access of information to the Nordic region.
2. Loyal banking customers are getting old, thus ebank will have to integrate their information system to develop new method of opening doors for new and young customers such as the walk in customers.
3. ebank will have to develop new products and services to focus their attention towards the other parts of the world such as the Middle East where the internet users have increased and information technology has advanced to provide the cutting edge in providing better services such as Internet Banking which is one the requirements of the market.

III. References


