

# Internet Banking Effects and Results Essay

## Introduction

Internet banking has certainly played a key role in the increase and ease of banking services the world over, and the reasons for this are not difficult to discern. Online banking provides flexible opportunities for customers to access online services. The highly integrated Customer Relationship Management (CRM) supported by advanced software integrates the basic financial services in demand the world over by individuals and organizations.

The three central areas of organizational requirements that include operational, analytical, and collaborative are addressed. CRM and online banking systems and their benefits have generated few research studies but continue to grow and dominate the activities within the banking sector thus defining and shifting the culture in which we handle our finances. The reason I have settled on this topic is based on a personal experience I had with my Dad when I was very young. To access banking services, one had to not only keep time but also make a long line behind other clients. This is the exact position we found ourselves in some fifteen years back in our attempt to access banking services. That is no more because internet banking has revolutionized the culture in the banking industry.

## Development History

At the beginning of the 20<sup>th</sup> century in the United States, demand exceeded supply and this precipitated a move by the company to change their business strategies in concentrating on selling as many products as they could afford to. In this case, companies did not pay attention to the customer and the customer's needs and requirements. Heiko, Wayne, and Robert (1994) explain that "suppliers focused on product development, manufacturing capacity, and securing distribution outlets, without regard to their consumers".

In the middle of the 20<sup>th</sup> century, however, the economic situation changes, and by this time consumers had the power of choice due to excess supply which exceeded demand. Heiko, Wayne, and Robert (1994) point out that "The era of the passive consumer was coming to an end. Companies began to find out what their customers were, what they wanted, and how they could be satisfied; they analyzed data about their customers and segmented them based on their demographics, such as age, gender, and other personal information. Then they promoted their product or service to a specific subset of customers and prospects".

This period was characterized by target marketing where each company invested much of its efforts on four P's (price, promotion, product, and placement). In this regard, the concept of CRM and internet banking came in the late 1990s. Although there is no clear definition of CRM, Fareena and Roy (2000) define it as follows: Customer Relation Management "is about understanding the nature of the exchange between customer and supplier and managing it appropriately. With the advent of internet banking, companies changed their business emphasis in increasing the 'share of wallet' of their customer. They developed a close connection with their

customers and took into consideration the customer needs, requirements and demands. All these were done to satisfy customer demands as well as retain them.

The emergence of CRM on the other hand made marketers carry out a comprehensive analysis of the customer. This was done with to categories customer based on long term period and retention. Moreover, this strategy contributed to cross-selling and up-selling (Greiner, 1972). In addition to the above, the dynamics of changing demographics and consumer purchasing patterns, coupled with ever stronger competition, have certainly put increased pressure on banks to adopt cutting-edge technologies to meet the growing demands of the consumer. These have impacted a lot on the banking sector globally and as such have devised new avenues for driving customer relations and developing distinct competencies that will ensure their survival. The adoption of CRM and internet banking has brought with it several benefits both to the customers and the banks. The scale of operations has improved and banking services the world over have not only been made easier but have also recorded a decline in general costs. These have impacted immensely on the culture of how we shop, procure goods, access our cash deposits, and relate with our banking services providers. One fundamental aspect of quality life is the ease by which we access both goods and services in fulfilling the constant demands in our lives. This has been made so by the rapid development of internet banking that has revolutionized our shopping culture.

### **Technical description/process of how it works**

Internet banking; also referred to as e-banking allows clients to carry out financial transactions on a secure site that belongs to their banking services provider. This can either be a virtual bank or a credit union. They offer safe banking solutions to their customers on the internet and have been embraced by a large number of clients the world over due to their ease and convenience in accessing banking services. Common transactions that are offered by internet banking include bill payments, wire transfers, account-to-account transfers, loan applications, and the opening of new accounts. In addition to the above, it offers non-transactional services to the clients such as online statements and lives chats with the customer relations services. Security is handled by the authentication of a single password in the form of PIN/TAN or signature-based online banking that involves the digital encryption of all transactions.

### **Effects of Internet Banking**

In the analysis of the world's economy, the online banking service sector has precipitated the increase in the number of those using banking facilities and drastically changed the culture of our banking and shopping. This translates to a more vigorous banking sector that can play an important in an economy. The general population has benefitted immensely from the availability of loans and capacity to provide safe custody for the deposits at the touch of a mouse. Shortly, the rate of internet banking will depend on the rate at with the customers embrace and appreciate the use of internet banking in carrying out their financial transactions and the ability to instill mote secure online banking operations that can deal with cybercrimes.

## Conclusion

Online banking has remained a business topic that has generated much impact because of its ability to not only ease the banking process but also effectively deal with the increasing demands of fast, safe, and convenient banking services. This is because it has enabled us to acquire the basic goods and services with little effort in comparison to the traditional model of buying and selling. It is therefore worth appreciating that the little things that make human lives easy impact greatly on our culture.

## References

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3. Heiko, L., Wayne, J and Robert, A. 1994, *Retailing and Online Consumer Information Services*. Washington: OLCISs.