

DEVELOPMENT OF ELECTRONIC BANKING

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These days more and more people can not imagine life without cell phones, tablets or computers. Therefore banking, like many others areas of the economy, is in the peroid of dynamic development, due to technical progress. The development of computer networks or modern mobile telephony has enabled the streamlining of traditional banking and the emergence of electronic banking.[6. s. 101]

The literature features many definitions of electronic banking, which can be considered *sensu stricto* or *sensu largo*. Electronic banking *sensu stricto* means a process in which remote forms of service provision and delivery of diversified products replace the traditional customer service model in a bank establishment. Electronic banking *sensu largo* means the use of modern technologies not only to serve

clients, but also to improve its operational activities and the possibility of exchanging important information and data with other banks. [9. p. 227] Thus, electronic banking includes services in which the contact between the bank and the customer is replaced by an electronic channel (via telephone, computer, terminal, etc.). [6. p. 101] The basic qualities of electronic banking include: no need for a physical presence of the customer in the bank, perform banking activities at any time of the day, and less opportunities to get help/advice. [1, p. 175] What is more, electronic banking services are characterized by automation, standardization and addition to a person who is using them [6. p. 103].

The history of electronic banking is quite long. Implement of telegraphic techniques to banking services in 1846, and from 1927– telephone communication is considered to be its origins. The next important step towards the development of electronic banking was the start of the use of computers, and then of ATMs and electronic terminals. However, the real change was brought by the Internet, which allowed the provision of banking services without direct contact with the client. The next stage in the development of electronic banking is the provision of banking services using mobile phones. (so-called m-banking). [1. p. 176–178] This form of banking services is constantly refined with the growing technology around the world.

There are many criteria for the division of electronic banking. The first of these is the division due to the communication channel, where are Internet banking, telephone, computer-modem, TV or WAP-banking. However, along with the developing technology, this criterion may change. The electronic banking due to the type of customer, can be divided into corporate and banking dedicated to individual clients. The literature also distinguishes the division into on-line and off-line electronic banking. On-line banking is characterized by the actual time of transaction execution. Offline banking is based on the provision of services without the client's simultaneous contact with the bank. Another important division of electronic banking is the division due to the level of customer access to services. There are passive, active and semi-active access. Passive access allows only for passive obtaining of information (eg about the account balance), while active, on the other hand, initiating banking operations by a given account holder. Semi-active access limits the client's capabilities and allows only to perform only selected activities. [bajor. p. 131–132] Another criterion is the division of electronic banking due to the type adopted in a given bank. There are 4 basic models. The first one is a multi-channel model (Bricks & Clicks), using both electronic channels and traditional distribution channels. The next one is the virtual bank model (Clicks only), where only electronic channels are used. The third is the model of a bank – a financial supermarket. In this model, the bank acts as an advisor and financial intermediary on the Internet, which is its primary distribution channel. Additionally, outsourcing is largely used, consisting in offering services of brokerage offices, insurers and other banks through its own distribution channel. The fourth, last type of model is an online niche bank. The basis of this model is narrow specialization and the use of the Internet as a distribution channel for products and services. Niche banks target their offer not to all people, but to a specific segment of customers. [7. p. 29–32]

Electronic banking has both advantages and disadvantages. For the bank's customers, the use of electronic banking saves a lot of time. People do not have to go to the bank and wait in queues to be able to settle the matter. Other advantages are the convenience and the ability to use the bank's services at any time of the day or night. In addition, the bank's customers have the opportunity to constantly view their account status and the history of transactions. What's more, electronic banking services are getting cheaper, due to the lack of direct customer service, which is another important advantage. The disadvantages of electronic banking include, among others, the lack of contact with an adviser who would advise the client on important and incomprehensible issue, so the provision of more complicated financial services usually takes place at the bank's establishment rather than via electronic channels. Another disadvantage is the fear of security of transactions. Another aspect that works to the disadvantage of electronic banking may be a certain cost which results from the service of an electronic bank account. In addition, for older people who have no previous contact with electronic devices, learning how to use devices and understanding the electronic banking mechanism may be a big problem.

For the bank, the electronic form of customer service also has its advantages and disadvantages. Among the advantages can be distinguished saving money, due to the lack of the need to employ a large number of people to serve customers. However, on the other hand, banks have to invest a large amount of money in modern IT technologies, which allows for continuous improvement of existing solutions. What's more, well-developed, modern electronic banking attracts many customers, especially young people who value convenience and the ability to quickly settle basic financial issues. The concept closely related to electronic banking is an electronic payment instrument, i.e. any payment instrument that, at a distance from cash funds on a bank account, allows various transactions to be carried

out by the holder of a given account. Electronic payment instruments are divided into three basic groups, i.e.: [8. p. 16]

- electronic services that allow to service a bank account,,
- credit cards
- electronic money instruments consisting of electronic money and a computer hard drive.

In Poland, continuous development of electronic banking is noticeable. According to the PRNews.pl report on the Online Banking market in Poland, at the end of the fourth quarter of 2017, 32,549,491 individual customers had a contract enabling them to use electronic banking. [3] The same report published in the fourth quarter of 2013 indicated that only 24 258 321 clients had such a contract. [4] It follows that in 4 years the number of contracts entitling customers to use electronic banking has increased by over 8 million. What's more, the number of individual customers who use a minimum of once a month of access to their account via online banking also increased significantly in the period 2013–2017. According to the 2013 report, there were 8 174 799 [4] and in 2017 – 14 696 233. [3]

Mobile banking is also an interesting issue. In the RPNNews.pl report from 2017, "mobile only" users are people who have not logged into standard online banking systems, but only served their account using a smartphone. This report indicates that in the third quarter of 2017 such clients were 1 840 990, while in the fourth quarter of 2017 – 2 275 774 [5].

To sum up, e-banking is undoubtedly in constant, dynamic development all over the world. From year to year, new users of both online and mobile banking are coming, which forces banks to improve their electronic services. Due to the growing technology and the constantly growing number of clients, electronic banking will definitely become the basic communication tool between the client and the bank.

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