

THE GROWTH OF E-BANKING IN THE LIGHT OF NEW TECHNOLOGICAL TRENDS

Mohammad Kamal Kamel Afaneh, Imam Mohammad Ibn Saud Islamic University (IMSIU)

ABSTRACT

The banking sector is no longer a limited field of work, where clients conduct businesses with banks around the world, to lend money, or transfer an amount of money between two accounts. Nowadays, banking is involved in many aspects of work in client's daily life. Also, a lot of the credit of this noticeable involvement goes to the huge technological evolution we are witnessing and became a part of, that's why in this study, the role of technology in changing the strategies and processes of banking is discussed, the advantages and disadvantages of E-Banking are discussed unbiasedly. And a light was shed on the new trends of E-Banking. Then, some important numbers related to the banking and e-banking fields were viewed to showcase the increasing adoption of E-Banking platforms around the globe.

Keywords: Banking fields, Delivery Channel, Clients Privacy, Information Technology

INTRODUCTION

Banking field is currently under reconstruction, courtesy of technological evolution, serious competition and innovation, due to the emergence and adoption of new methods and strategies that emphasize on conducting banking services in the most efficient ways, while keeping the customers privacy protected. Nowadays, one of the most significant elements of banking sector enhancement, is that banks around the world starts to offer modified services 24/7, without sacrificing the quality standards, or customers privacy, while enriching the customers experience in the process. It is no secret that many scopes of work from different backgrounds and fields have already started investing heavily in technology, and the banking sector is no different, that's why in this study, the huge impact of information technology (IT) is discussed, the risk to reward ratio, and the advantages and disadvantages of adopting new technological-based strategies and methods in the banking sector. The environment of banking and banking services in general are continuously changing, there is no need for clients to visit a branch to check their remaining balance, or withdraw cash, or even issue a check book, all of that is possible nowadays using a technological platform, such as the customers cell phone, or personal laptop, and automated teller machine (ATMs). What used to be a norm in the past, can now happen anywhere in the world through a delivery channel provided by the bank. Thus, traditional banking is more and more threatened by IT which is slowly minimizing face-to-face interactions with the client.

Such advancement can be considered as a double-edged sword, from one perspective, it greatly ease the processes and the delivery of services, on the other hand, it puts the clients privacy in danger, taking all of this into consideration, the client is the main beneficiary, and exposed to danger, which put the clients in a confused status from choosing between keeping up with the technological advancement, to make things easier for themselves, or sticking to the traditional ways of conducting business with their respective banks.

IMPORTANT TERMS AND DEFINITIONS

Banking

The activity of accepting and transferring money claimed by others and substances, and afterward loaning out this money to lead economic activities like creating profit or basically covering operating costs.

Electronic-Banking (E-Banking)

A type of banking where funds are moved through a trade of electronic signals rather than through a trade of money, checks, or different sorts of physical paper reports. Moves of funds take place between financial organizations, for example, banks and credit associations.

Information Technology (IT)

The utilization of any computers, storage, networking and other physical devices, infrastructure and processes to create, process, store, secure and exchange all forms of electronic data.

Remote Banking

A remote relationship involves an exchange between people in different locations, which can take different shapes and forms, via a communication channels (letter, telephone, internet, etc.), as opposed to communicating face-to-face in the same location.

Automated Teller Machine (ATM)

An E-Banking outlet that allows customers to complete basic transactions without the aid of a branch representative or teller. Anyone with a credit card or debit card can access cash at most ATMs around the globe.

The Basel Committee on Banking Supervision (BCBS)

The primary global standard setter for the prudential regulation of banks and provides a forum for regular cooperation on banking supervisory matters. Its 45 members comprise central banks and bank supervisors from 28 jurisdictions (BIS, 2021).

LITERATURE REVIEW

Remote banking, viewed as delegation tool for the recent economy, comprises of e-exchanges among clients as well as their banks. E-banking is the freshest conveyance path for banking products and services. This definition was characterized in numerous shapes and forms by specialists fundamentally on the grounds that E-Banking alludes to a few shapes and forms of services that clients can demand data and perform exchange by methods such as, ATMs, PCs, or cell phone. Nitsure (2003) defined E-Banking as the dispersion of information and services provided by banks for their customers by ways of different conveyance platforms that can be

performed using a computer or other intelligent platforms. According to Liao & Cheung (2003), E-Banking alludes to the collective information or management by a banks to their customer, by means of a computer or television.

Angelakopoulos & Mihiotis (2011) depicts E-Banking as a way of expression for the interaction where a client might execute banking transactions using a technological platform without the need for visiting a physical branch. Many professionals in the banking sector agree that E-Banking should guarantee 24/7 accessibility through a sort of cutting-edge IT channels. E-banking can be considered as a helping tool that gives clients the chance to get close enough to their records, execute exchanges, and acquire data on products as well as services provided by a public or private owned firm. There are a few definition utilized in different research, all alluding to some type of E-Banking: Computer Banking, Online Banking, Portable banking, Mobie banking, and so forth, yet they are regularly utilized conversely. E-Banking services are not those recent, as ATMs and mobile exchanges. In later times, the current E-Banking, for example, online banking has changed banking administrations. The development of E-Banking sector can be found back to the mid nineteen seventies, at that time banks started to view at these sorts of administrations as an option in contrast to a portion of their conventional bank capacities (Nsouli, S. M., & Schaechter, A. 2002).

E-Banking Features

1. Check the account statement online.
2. Open a fixed deposit account.
3. Pay bills.
4. Make online payments.
5. Transfer funds.
6. Order for a cheque book.

ADVANTAGES AND DISADVANTAGES OF E-BANKING (DRIGĂ, I., & ISAC, C. (2014)

Advantages

Accessibility: You can avail the banking services anytime. A large portion of the services offered are not time-limited; clients can check their accounts balance whenever and transfer funds without waiting for the bank to open.

Simplicity: Using the services presented by E-Banking is basic and easy. Many observe transacting online much simpler than visiting the branch for something similar.

Comfort: Clients sure does not want to leave their jobs, or even drive in traffic, then reserve a queue at the bank branch. they can finish their transactions from any place they are.

Time Saving: Clients can complete any financial transaction in a few minutes via E-Banking. Money can be transferred between any two accounts within the country or issue a deposit account in no time using E-Banking.

Disadvantages

1. **Internet Requirement:** A continuous internet connection is a must to be able to utilize E-Banking services. If one of the two parties (Bank / Client) they can't utilize any services provided by E-Banking. Additionally, if the bank servers are down due to any technical issues on their part, you can't get to their services.
2. **Exchange Security:** No matter the number of precautions banks take to give a secure network; E-Banking transactions are as yet defenseless to hackers. Irrespective of the high-level encryption strategies used to protect client information, there have been situations where the transaction information is compromised. This might cause a significant Threat, for example, utilizing the information unlawfully for the Hacker's benefit.
3. **Difficult for Inexperienced Clients:** If there is no one who can disclose to inexperienced client how E-Banking functions and the interaction stream of how to go with regards to it. It will be undeniably challenging for inexperienced amateurs to sort it out for themselves.

E-Banking Types (Chaimaa, B., Najib, E., & Rachid, H. (2021))

PC Banking: a type of financing where clients are capable of performing bank exchanges from almost any technological platform, by giving a restrictive banking program electronic financing services and specifications permits the client to perform financial exchanges from their home PC.

Web Banking: A method that allow customer to access accounts and information on the bank products and services or execute account exchanges instantly with the bank using a computer through the Internet as a host that's responsible for delivering.

Mobile Banking: A method that allows customer to manage significant financial transactions using a cellphone, being the most current assistance in E-Banking; versatile financing depends on (WAP) Technologies because a cellphone demands a WAP software to provide access to data.

Remote Queue Reservation Mobile Apps

Nowadays, with the huge leap in technology we have been a part of, there is a mobile app that covers a specific aspect of a service for almost every scope of work, and the banking sector is no different, so as a result, remote queue reservation apps emerged, they are a cloud-based customer flow management mobile apps that allow users to reserve a queue from their current location ahead of the visit to service providers across sectors, such as banks in order to get served instantly. The following are some of the most used apps that provide similar services:

1. Balador
2. TimeTag
3. My Services
4. Skiplino

Trends in the E-Banking World

The technological evolution has accelerated E-Banking and forced banks to evolve at an exponential rate to create more efficient ways to meet client's needs. Many banking experts believe the primary digital banking trends in 2021 will be around Automation, and Personalization (Sepashvili, 2020).

Automation: Banking automation refers to the procedure for working the banking system by exceptionally automatic means with the goal that human intercession is diminished to a minimum. Bank automation is also referred to as platform automation.

Personalization: Banks have been delayed joining the personalization idea, and many are currently endeavoring to get up to speed as they understand that this concept is certainly not a passing trend. Personalization in banking is tied in with delivering a significant service to a client dependent on personal experiences or historical information. It can assist with building trust and thus, drive results and income. By making a start to finish experience that incorporates client and functional information across all banks capacities. Personalization can assist banks with providing solutions for their clients before they even acknowledge they have an issue.

Artificial Intelligence (AI) and Banking

AI is a huge advance forward in the digitalization and change of modern businesses, as the case for banks, information is fundamental to practically all business areas, from conventional deposit-taking and lending to investment banking and resource the executives. Independent information management without human association hence offers extraordinary freedoms for banks to further develop speed, accuracy, and efficiency. Potential AI applications in banking can be characterized into four main areas (Dantsoho, Ringim & Kura, 2021):

1. Customer-focused front office applications.
2. Operations-focused back-office applications.
3. Trading and portfolio management.
4. Regulatory compliance.

AI and Bank Profitability

Artificial intelligence may add to bank profitability in two ways: First, by taking over redundant tasks from employees, which saves time in return, Autonomous AI programming could decrease the interest for less-skilled workers and work on the efficiency and accuracy of the excess bank Staff. This is pivotal, as worker compensation for the most part addresses a huge portion of banks' expense base. Second, AI implementation could likewise add to revenue. It may assist banks with developing new products and proposition personalized items more qualified to customer interests, as referenced prior in the study.

AI Importance to E-Banking

The significance of AI in the E-Banking field is clear, from securing clients data, to providing 24/7 access to their banking information, the following are some of the most valuable points that clarify the importance of such relationship:

Improving Customers Experience: AI develops a better understanding of customers and their behavior. Which grantee clients that they will save time, effort, and even might cancel the concept of them visiting a branch, unless it is an inevitable cause? This enables banks to go through daily and routinely processes and tasks faster, and easier, as a result of less clients visiting the branches. So, it's a win-win situation for both parties.

Optimal Decision-Making: AI systems that think and respond like human experts, give ideal solutions dependent on accessible information continuously. These systems keep a store of expert data in their database set called a knowledge database. Banks utilize these intellectual systems to settle on strategic decisions.

AI won't just enable banks via automating its knowledge labor force, it will likewise make the entire course of automation sufficiently wise to get rid of cyber dangers and unhealthy competition. AI, vital to the bank's cycles and tasks, and continues developing and advancing with time without significant manual intercession. AI will empower banks to use human and machine abilities ideally to drive functional and cost efficiencies and provide customized services. These advantages are at this point not a modern vision to achieve for banks. By embracing AI, pioneers in the banking sector have as of now made moves with due perseverance to receive these hopeful benefits.

Challenges and Obstacles in E-Banking DABA, T. (2021).

Security: Security is quite possibly the main challenge for E-Banking promoters in view of the inborn worries that are generally connected with E-Banking. Despite the fact that banks are intended to be essentially impervious, cyberattacks and fraudulent action are as yet a reality. Yet frequently clients don't understand that their online habits and patterns of use might be putting them in danger. Digital fraudsters and attackers can take advantage of bad privacy habits, that is the reason professionals in the E-Banking area need to promote and explain the security of their E-Bank frameworks, yet additionally teach clients on the most proficient method to be more upright online by working on their protection and security propensities. Practices like Multi-Factor Authentication and utilizing passphrases address a decent beginning stage.

Technical Issues: As long as clients use internet, they put themselves in a position of experiencing technology and network interruptions glitches. Network efficiency can impact clients ability to access their accounts if their internet is slowed or interrupted for any possible reason. Similarly, no matter how sophisticated the tech, bank servers are still prone to both intentional and accidental downtime.

Traditional Banking Habits: Sticking to old methods in any scope of work, usually causes problems, and the banking sector is not an exception, visiting bank's branches personally to perform a specific banking transactions, that can be done using E-Banking platforms, is the ultimate waste of time, effort, and money, where this also can lead to a delay in performing banking tasks that are worthy for customers to visit the bank's branch in person.

E-Banking in Numbers

1. 80% of people prefer online banking over visiting a brick-and-mortar establishment. (Consumer Affairs, 2019).

2. Over 95% of E-Banking users are confident that their banks can protect their data. (Consumer Affairs, 2019).
3. Less than 10% of clients have been advised to visit a physical bank branch while doing their banking online, in order to complete the desired service or inquiry. (Lightico, 2021).
4. 94% of mobile banking customers use online banking platforms at least once a month. (Deloitte, 2020).
5. Digital banking stats predict that the total number of online and mobile banking users will exceed 3.6 billion by 2024. (Juniper Research, 2020).
6. Banks around the world lose more than \$1 trillion to cybercrimes each year. (McAfee, 2020).
7. To transfer funds between their own accounts or send money to someone, 48% of account holders use mobile banking, while 38% opt for desktop online banking. Total 86% (Deloitte, 2020).
8. When it comes to international transfers, banking stats show that 24% of account holders prefer completing these tasks via smartphone, while 53% would rather make these transactions using a laptop or desktop computer. Total 77% (Deloitte, 2020).
9. The average annual cost of cybercrime amounts to \$18.37 million per global financial institution. (Accenture, 2020).

CONCLUSION AND RECOMMENDATIONS

With regards to E-Banking, it is fundamental to comprehend that all technological executions ought to be done along with a confidence in collaborate with numerous long stretches of involvement with the business. The key here is to work with the most inventive technologies, affirmed and talented experts, and spry systems and to set clear communication and input approaches consistently. It doesn't make any difference in case the customer's banking association is on the computerized acceleration or transformation way. A companywide obligation to executing viable and amazing tech arrangements will assist with driving development, help business execution and move your concentration to other basic regions your organization needs to take care of. This study recommends that banks need to start raising the awareness of the E-Banking capabilities, especially to the inexperienced clients, also, it recommends that banks better start investing in a well secured systems in order to guarantee the promised allegations, and to hope that clients with trust issues with E-Banking can be convinced to join the rest of the E-Banking platforms users, which in return allow the bank to make more time for the more worthy issues that need the capabilities of the knowledgeable workers, instead of time consuming routinely processes that can be done through E-Banking platforms.

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