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Electronic Business

# E-banking

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# E-BANKING BUSINESS



# Introduction

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- E-banking is banking based on information and communication technologies, with the help of computer devices, appropriate software, in order to:
  - ✓ accessed bank account information or,
  - ✓ make a banking transaction from a remote place (from home, from work, vacation...)
- The big advantage is: COMFORT!
- Example of a bank's campaign: bank naked - emphasis is placed on the client's freedom to perform routine banking transactions in the comfort of his home, 24 hours a day, 7 days a week,
- E-banking can be understood as a collective term (umbrella term) for the process by which the customer performs banking transactions electronically without going to a brick and cement building.



# Electronic banking

The following terms refer to some forms of electronic banking:

- ✓ personal computer banking (PC banking),
- ✓ internet banking,
- ✓ virtual banking,
- ✓ online banking,
- ✓ home banking,
- ✓ remote electronic banking,
- ✓ phone banking.



**PC banking** - a form of electronic banking, which enables the execution of banking transactions using a personal computer, through a modem.

The bank offers the client its authorized financial software and additional hardware, which allows the user to perform financial transactions from his computer.

The user accesses the bank via modem, downloads data and runs programs on his computer, some of the transactions:

- ✓ getting account balance,
- ✓ overview of transactions by account,
- ✓ bill payment,
- ✓ transfer of funds from account to account, etc.



# Electronic banking

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**Internet banking** - the next evolutionary step, compared to PC banking:

It uses the Internet as a channel for making payments,

The customer accesses his computer through an Internet browser, such as Microsoft Explorer,

The software that performs Internet Banking functions is not on the user's computer, but on the bank's server, possibilities:

- ✓ getting account balance,
- ✓ overview of transactions by account,
- ✓ bill payment,
- ✓ transfer of funds from account to account,
- ✓ loan repayment.

**NetBanker** - defines a real Internet bank, as a bank that provides insight into account status and some transaction possibilities for small businesses via the WWW.

Internet banks are also known as: virtual, cyber, net, interactive, Web banks.

The largest number of banks first created powerful web promotion sites, which were then supplemented by powerful transaction sites.

Today, there are few banks that do not offer this service.



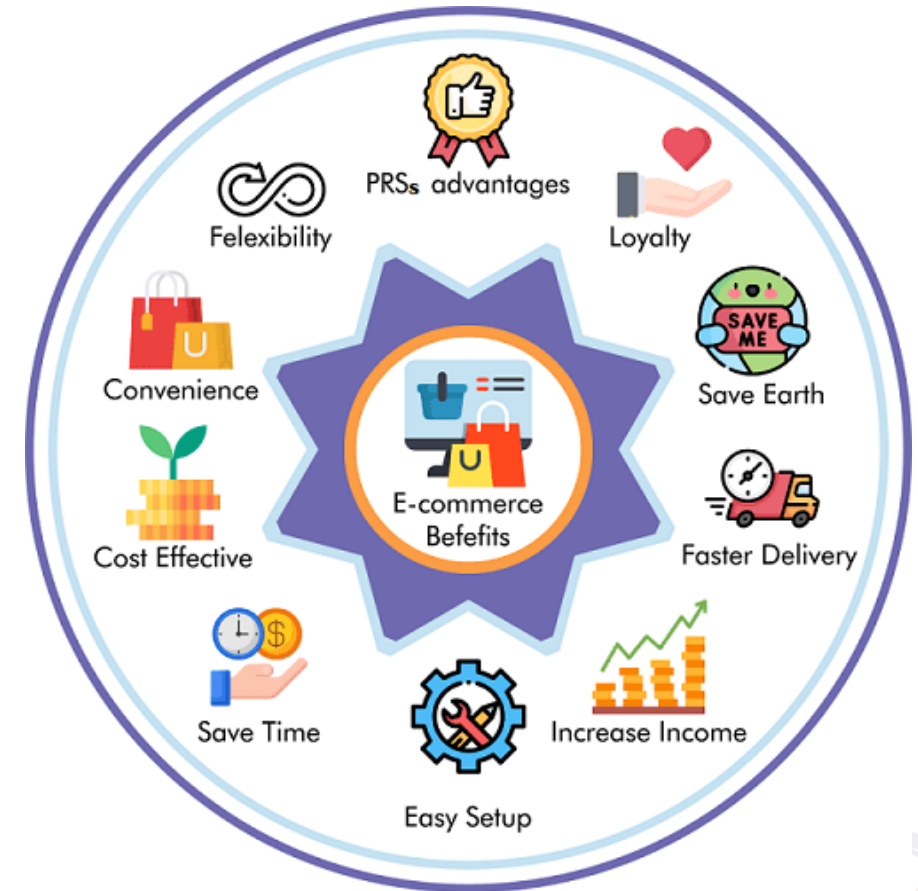
## The reasons why banks appear /work/ on the Internet are as follows:

- ❑ Creating the image of an innovative company, which is able to offer its users the most modern technological solutions.
- ❑ Better and greater interactive capabilities. For a bank that fights for each of its clients in market conditions, the most important thing is communication with them. In classic conditions, the bank could communicate only during working hours, or through an information counter that would work continuously. This way of doing business created limitations in communication.
- ❑ The interactive possibilities of communication via the Internet are practically unlimited, and it is only a question to what level the bank is interested in engaging.

### Electronic Banking

paisabazaar  
India's No. 1 Loans & Cards Marketplace

- ❑ The possibility of rationalizing the potential of the bank. By transferring certain services to the Internet, the bank reduces business costs, because it does not have to - to increase the number of clients - open a new office space, equip it and hire new employees.
- ❑ Self-service banking is beneficial, both for the bank and for the user, because the user has services 24 hours a day, 7 days a week, and the bank works 24 hours a day without increasing the number of employees.
- ❑ With its appearance on the Internet, the bank proves its competitive capabilities and its development as a solid, stable and technologically advanced company.

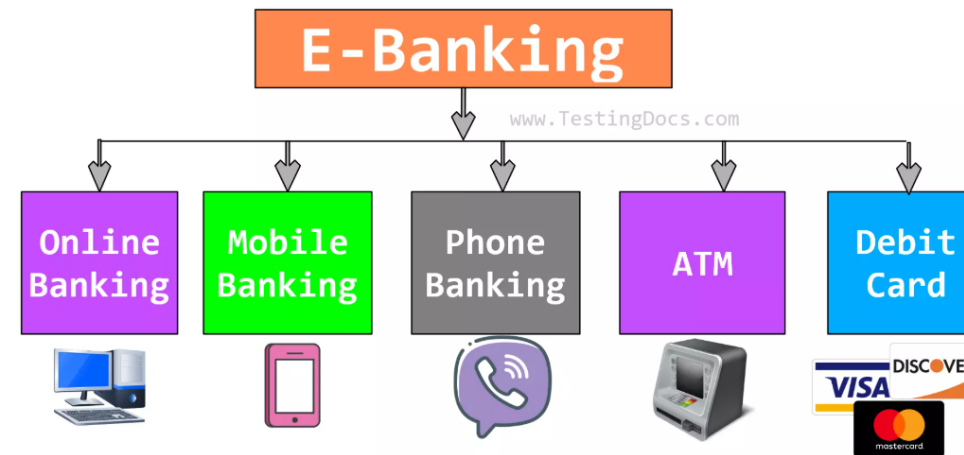




E-Bank represents the transformation of banking operations into e-Business through the use of e-Channels.

In electronic banking, the following distribution networks are used for information and business contacts with the bank:

- ✓ ATM systems (cash machines),
- ✓ POS systems,
- ✓ Telephone banking,
- ✓ PC banking,
- ✓ SMS banking,
- ✓ Internet banking,
- ✓ Mobile banking.



**Electronic banking** is a fast, efficient and reliable system that allows accessing the bank through the Internet regardless of the bank's working hours 24 hours a day, seven days a week. In this way, you can perform financial transactions, have an overview of the balance and daily changes in the account, download the statement from the previous day, have an insight into archive statements, import and export statements in XML, XLS and TXT format. In order for the client to perform payment transactions electronically, he must have a computer with appropriate technical characteristics and the ability to access the Internet.



# Electronic banking

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## Forms of appearance

- ✓ Informative presentation is a one-way communication where banks only present themselves to their existing or new, potential users via the Internet. It mainly has an advertising character. Most banks have done this.
- ✓ Two-way communication between the user and the bank - via e-mail or interactive access to a service. This is also data of a marketing nature, but there is a possibility, with the user's identification and authentication, that the bank will make additional information and services available to him.
- ✓ Banking transactions on the Internet are the highest level of communication between the bank and the client.

## Modes of operation of internet banks

- ✓ Internet-based banking - means access to the banking service from any computer connected to the Internet, from home, work or travel.
- ✓ Banks that are 100% on the Internet, that is, that do not have a "physical presentation", offices, counters, are especially considered.
- ✓ The banking offered by them is Internet-based, that is, they can be accessed from any computer on the Internet, without special software.

# Electronic banking

## The most common transactions of banks on the Internet

- Access and overview of user account balances
- Records of all transactions
- Payments
- Money transfer from account to account-  
Change of information
- Ordering checks
- Contacts.



# Internet (Virtual) Banks

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- A typical Internet bank site specifies the types of transactions provided, and displays account security information,
- Sometimes, banks do not have restrictions on national borders, but simultaneous transactions with large financial resources can be realized,
- Some banks exist even without a physical business location: Telebank (Arlington, Virginia), Banknet (UK)
- The main advantages of Internet banks:
  - ✓ they have less operating costs faster execution of transactions,
  - ✓ availability of the bank for inquiries and transaction services from 00:00 to 24:00,
  - ✓ global connectivity of the entire globe,
  - ✓ simple access to transaction data - current, past,
  - ✓ insight into international banking trends - financing and lending, without intermediaries...



# How to open a bank account

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- Customers who have bank accounts can simply ask their bank for PC banking software or get a password for Internet banking,
- Once registered, the client has access to all his accounts opened in that bank - he is recognized in the system by his identification number,
- New clients can submit an online application for using Internet banking,
- They can send the request by post or go to the bank in person,
- The customer can deposit funds into the account/s using checks, electronic transfer, etc,
- The offer of e-banking today is not a service for being in, it is a service for not being out!
- **Example:** <https://www.nlbkb.rs/stanovnistvo/digitalni-servisi>



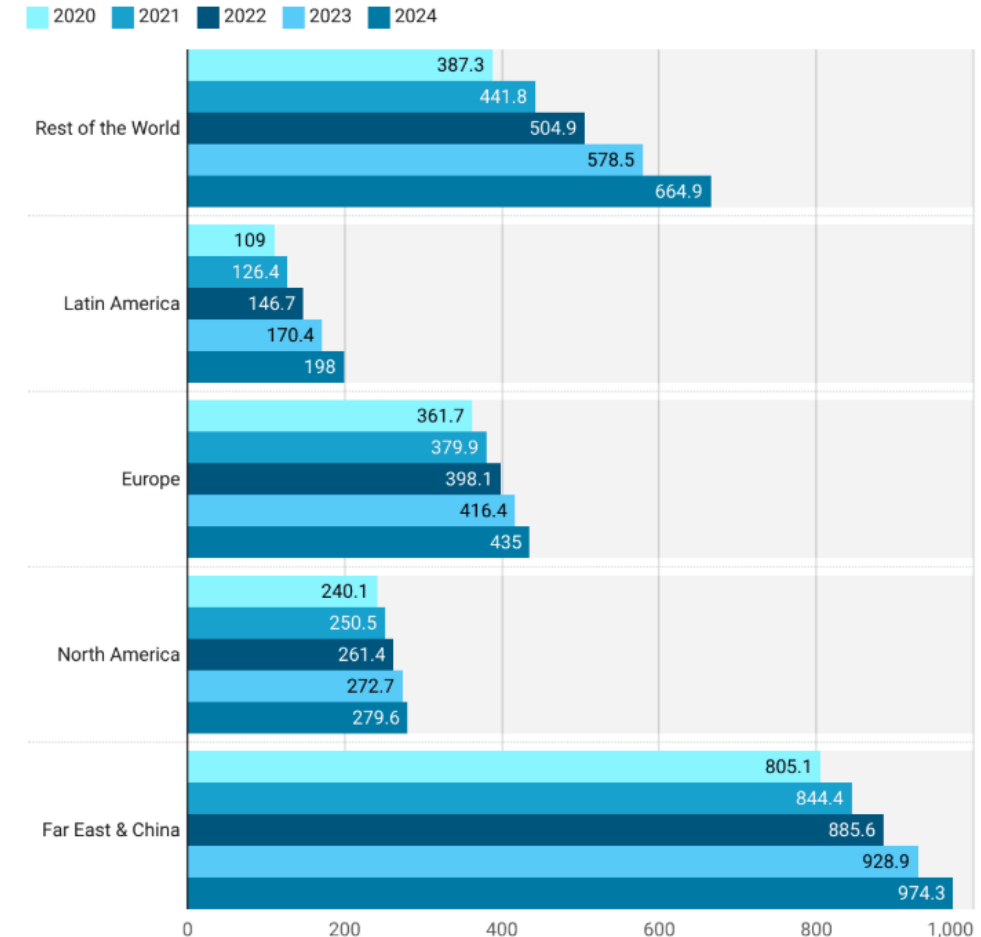
# Trends in electronic banking

## Trends in electronic banking:

- ✓ the increase in the share of online banking in the global banking system,
- ✓ increased penetration of broadband telecommunications infrastructure,
- ✓ mobile internet,
- ✓ internet access via TV infrastructure,
- ✓ multi-channel development strategy in CR,
- ✓ Paradigm One Stop Finance Web Shop.

## Online banking users worldwide in 2020 with forecasts to 2024,

Banking Users by Region (in Millions)



(Users in Millions)

Source: Market.us Scoop

# Trends in electronic banking

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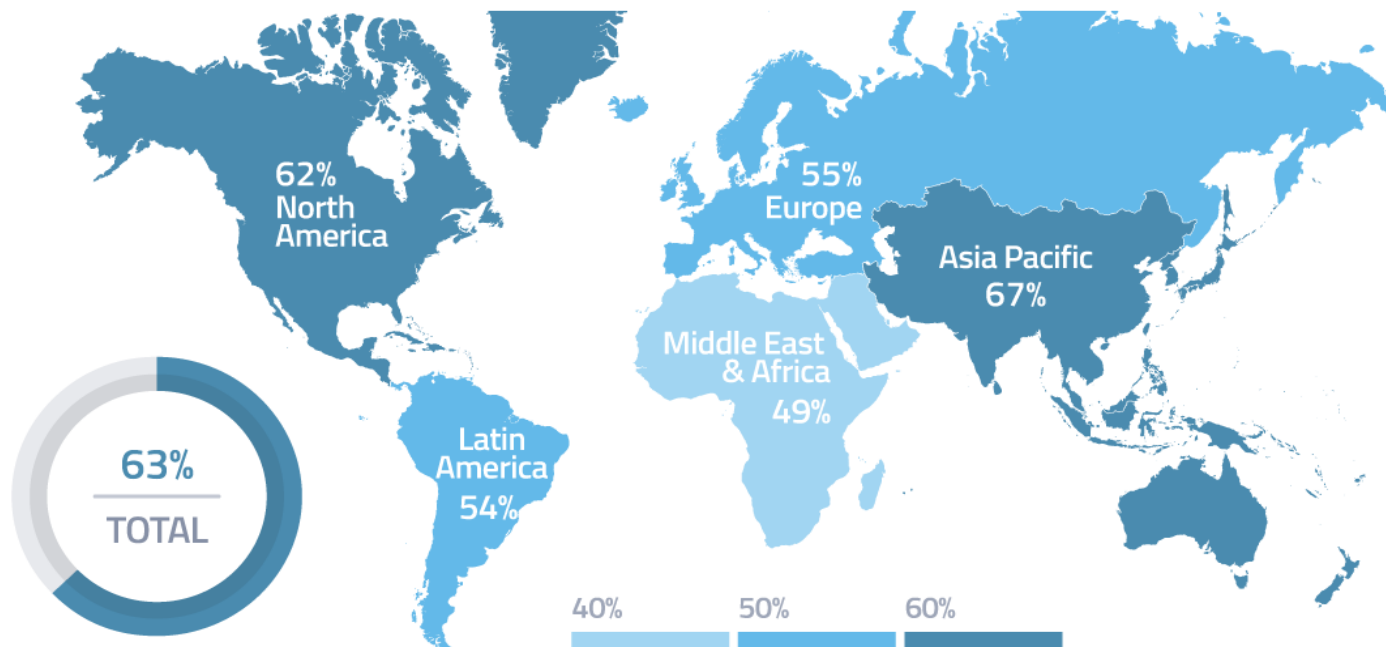
- Two segments are being developed:
  - ✓ marketing 1:1 and
  - ✓ customer relationship management - CRM (Customer Relationship Management)
- In the future, the committee will use all channels to provide banking services, and banks will strive for quality and new services to clients.
- The profile of the average bank client looks like this today:
  - ✓ the client wants to see his bank officer live, in order to make an important financial decision (your financial advisor - in the bank),
  - ✓ reconciles account balances or checks over the phone,
  - ✓ some bills are paid online through the bank's website,
  - ✓ users are ready to commit to one place where they can do everything - to do all the financial work and get personalized solutions and offers - that's how the One Stop Finance Web Shop was born.
- Exapmle: [www.amazon.com](http://www.amazon.com)



# Social Banking



% of Messaging App Users who used an internet banking service via mobile in the last month



**Question:** In the past month, which of the following things have you done on the internet on a Mobile Phone/Smartphone? **Source:** GlobalWebIndex Q4 2016 **Base:** Messaging App Users aged 16-64



**PRO Platform:**

Online Activities and Behaviors > Activities via Mobile

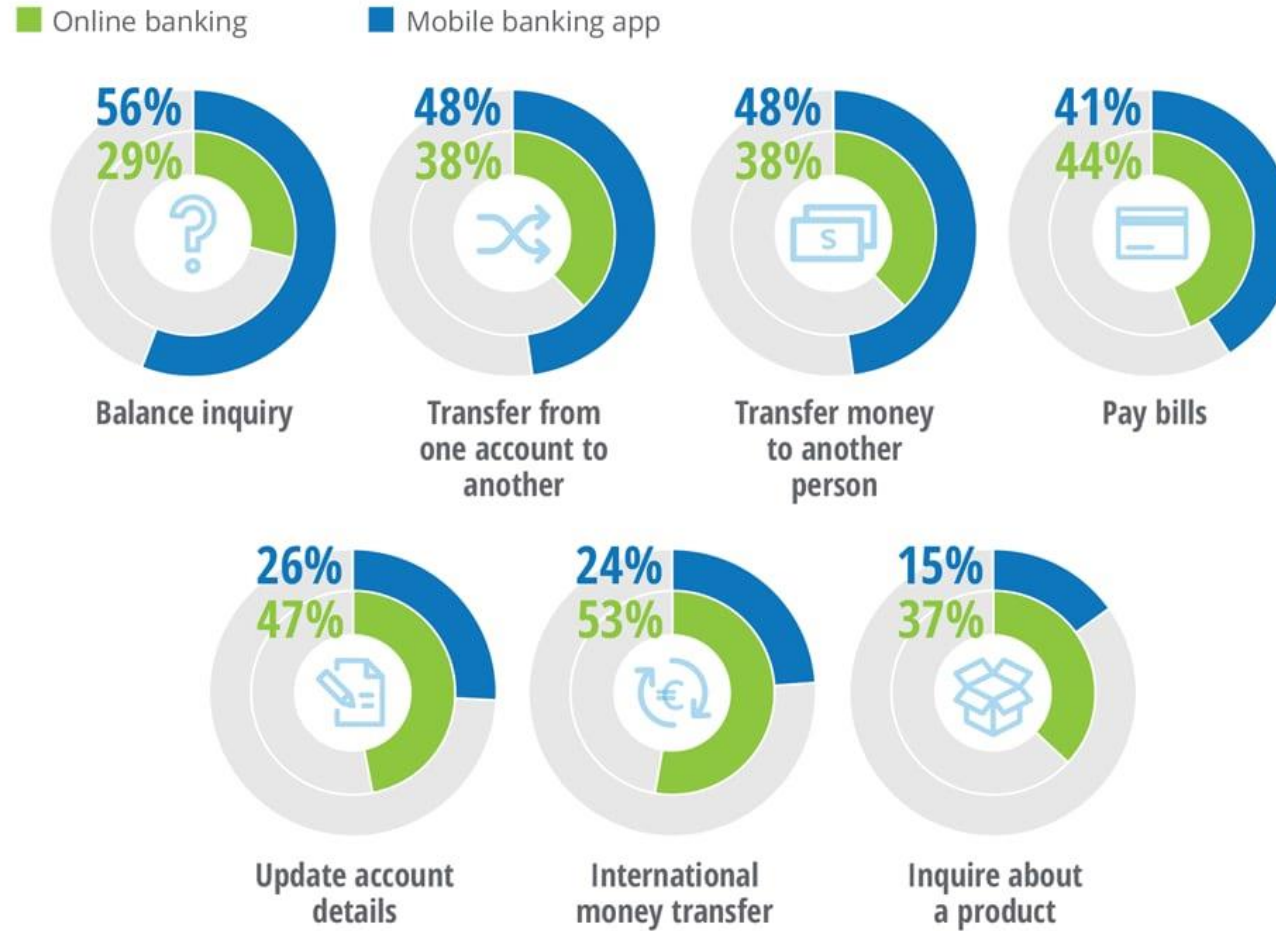
[Explore the data >](#)





FIGURE 1

## Use of online and mobile apps for different banking activities by mobile banking users



Note: Sample size differs for each service.

Source: Deloitte Center for Financial Services analysis.



## Top 6 Statistics on Mobile Banking

**70%**

Africa leads in mobile banking with a 70% share of the 1 trillion mobile money market.



**Turkey**

Turkey had the highest number of mobile bankers worldwide in 2021.



**\$8.94 Trillion**

Mobile banking is expected to hit \$8.94 trillion globally by 2027.



**63.3%**

63.3% of Australians use mobile banking.



**\$121.8 Billion**

The mobile money market in Ghana hit \$121.8 billion in 2022.



**200 million**

Digital banking users in the US are expected to hit 200 million by 2025.



# Expected further growth of e-banking...

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- The future of e-banking is conditioned by the further development of ICT because:
  1. A fast and reliable connection is reassuring to e-banking users,
  2. First and foremost, confidence in the security of banking data and transactions is a decisive factor in the development of electronic banking,
  3. Portable computers (laptop, notebook), tablets (handheld computers) and mobile phones (smart phones) are getting better and faster access to the Internet and are becoming more and more universal from the point of view of business applications, especially e-banking.



# Mobile banking...

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- **Mobile banking** (mobile banking, m-banking) - significantly relies on ICT infrastructure,
- Some believe that this is a further evolutionary form of e-banking development, while others believe that this will only be a part of e-banking.
- **FACT:** m-banking requires much more complex legislation and ICT support in order to be able to cross national borders, especially in Europe.
- The fusion of Internet and TV technologies is of great importance for electronic banking.
- The advantage of this trend is the high penetration of TV equipment and large capacities for data transmission with TV cables, TV has much greater penetration in socially and financially disadvantaged areas, so it is predicted that digital interactive television will be an important channel for providing online banking services.
- Traditional channels will continue to have a strong presence, especially in underdeveloped and developing countries,
- Multi channel strategies in banking are being developed.



# SWOT analysis of e-banking...

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Strength	Weakness
<ul style="list-style-type: none"><li>• Access at any time;</li><li>• Saves a lot of time;</li><li>• Faster transaction with lower costs;</li><li>• Convenience for customers;</li><li>• Competitive advantage for economies of scale;</li><li>• Provides better convenience and greater efficiency</li></ul>	<ul style="list-style-type: none"><li>• Security issues in digital mode;</li><li>• Sensitivity to the global economy;</li><li>• The use of Internet banking depends on the availability of the Internet;</li><li>• Can only target specific customers</li></ul>
Opportunities	Threats
<ul style="list-style-type: none"><li>• Raising awareness of the benefits of digital banking among people;</li><li>• Integration of domestic banks with foreign markets;</li><li>• Better development in areas such as risk management and CRM;</li><li>• Developing a modern it base to avoid system failures and provide an efficient and secure platform for online transactions.</li></ul>	<ul style="list-style-type: none"><li>• Any security-related issues or news may pose a threat;</li><li>• Tough competition;</li><li>• Global economic instability;</li><li>• Lack of effective rules;</li><li>• Lack of customer loyalty</li></ul>



# Advantages and disadvantages of Internet banking

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## Advantages of internet banking

Internet banking has a number of advantages compared to the so-called traditional (branch) operations of banks. The advantages are mainly reflected in time and space limitlessness, speed of transactions, low price and a wide range of banking products and services.

## Disadvantages of Internet banking

The disadvantages of Internet banking are most pronounced in the absence of security when conducting business, legal (non)regulation, lack of privacy, alienation and aversion to innovation and the danger of misuse of Internet banking for criminal purposes. Security, that is, the lack of security and protection systems on the Internet are crucial factors in the growth and development of the Internet.





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# Questions & Answers

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