Chapter 7
Toward a Conceptual Framework for Verification and Analysis of Effective Factors in Successful Implementation of Electronic Banking

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ABSTRACT
Nowadays, e-banking plays an important role in e-society and human life. Imagine an e-society without e-banking is not possible. The e-banking is considered as an enabler factor to e-business, e-commerce, e-government and other e-initiatives. Despite the pivotal role of e-banking in our lives, yet a comprehensive conceptual model of electronic banking success factors has not been provided by the researchers. The present chapter is trying to provide a comprehensive conceptual model by categorizing factors affecting implementation of electronic banking. In this regards, the factors affecting implementation of electronic banking was classified based on Co-structural factors, Content factors and Contextual factors. We called this conceptual model as the Tri-Category (3C) Model. The questionnaire used for gathering data. The results showed that there is a positive relationship between successful implementation of e-Banking and attention to Co-structural, Content and Contextual factors. At the end of chapter, several recommendations have been offered to implementing successful E-banking.

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INTRODUCTION

The new technologies in the banking services are a part of rapid changes in the way of life and thinking. The aware banks toward these new changes are fundamental for their performance improvement (Danciu, 2008). Among such technologies were the growing number of technology-based remote access delivery channels and payment systems, such as automated teller machines that displaced cashier teller; the telephone, represented by call centers that replaced the bank branch; the Internet that replaced snail mail; credit cards and electronic cash that replaced traditional cash transaction; and shortly, interactive television that will replace face-to-face transaction (Kamel & Hassan, 2003).

The potential of E-Banking was well recognized a decade ago (Booz & Hamilton, 1997; Deloitte Consulting, 2000) when key institutions began to align the product delivery mix with new technology and explore and exploit new approaches to their business (Chi et al, 2007). It is widely believed that the impact of e-commerce enables banks to provide an inexpensive and direct way of exchanging information and to sell or buy products and services. Burr defines E-banking as “an electronic connection between the bank and the customer in order to delivering, managing and controlling the financial interactions” (Lustsik, 2004, p. 9).

E-banking is developed in two forms: One also called automation of banking; the banks services offer through electronic system. In this system, the branches are equipped with computer and bank staffs use them. There is no change in the banking infra-structures (Bayat, 2002). On the other hand in form two; banks offer their service only through electronic channels, without having a physical branch. These types of banks are called as virtual bank, bank without branches, or pure internet banks (Scratchier, 2002).

E-banking advantages can be viewed by two approaches: (a) Through customer’s point of view: the high speed of offering services, easy to use, availability and accuracy, removing time and place limitations; (b) Through bank point of view: Competitive Advantage, Customer Retention and Attraction, etc (Zolia, 2000). Recognizing those advantages, banks have early and aggressively moved offerings to the internet, e.g. before the internet bubble, a 100% growth rate in new on-line bank ventures was witnessed in Western Europe alone, according to eMarketer (eMarketer, 2000).

To be successful, E-banking requires that high percentage of bank customers would be able to connect to the bank and receive their favorite services. However, these services require the installation of specific telecommunication networks or application software, which can be costly and lack user accessibility and flexibility (Chi et al, 2007).

E-banking initiated in the years 1993-1994 in Iran. The initial efforts to information exchange network between banks (shetab) generated by three public banks in the year 2000. Then, the central bank initiated shetab system with the aim of creating connection among banks (Bahramian, 2003). Commercial banks in Iran have been quick to realize the importance of E-banking to competitive advantage. Since the 2001, they have continuously innovated through technology-enhanced products and services, such as multi-function automatic teller machines (ATMs), electronic share application, tele-banking, TV-banking, electronic transfers, electronic cash cards, and Internet-based e-banking. It can be claimed that we have stepped into the E-banking world.

Research Problem: The Iranian banking industry is undergoing rapid change and becoming intensely competitive. Traditional and new players both are trying to protect their customer base. The advances in information technology are becoming an important factor to the future development of banking industry (Kanabiran & Narayan 2005).

According to ICTna, “only 7.5% of Iran banking network customers had possibility to internet buying at the end of 2008” (ICTNa, 2008) but the
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