Chapter IV
E-Banking Technologies

INTRODUCTION

E-banking relies heavily on information and communication technologies (ICT) to achieve its promise of 24 hours availability, low error rates, and quicker delivery of financial services. When considering e-banking, bank websites usually come to mind first, but e-banking requires much more than just a good website. It needs back end applications such as account systems, support applications such as Customer Relationship Management (CRM systems), communication technologies to link e-banking to the payment systems such as LINK, and middleware to integrate all these often different type of systems. This chapter is an overview of most common technologies in use to support e-banking.

E-banking may be viewed as one branch of e-commerce, so it is useful to briefly cover the interlink between the two. E-commerce is much more than just the use of the Internet, or having a website and enabling customers to move their money around. The Internet may be the most common and well known medium for e-commerce, but it is not the only one. Electronic Data Interchange (EDI) and similar systems have been in use since the mid-sixties. In a banking context, ATMs and credit cards are also classified as e-commerce. These other type of e-commerce application also need the support of technologies discussed in this chapter.

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THE INTERNET

The emergence of the Internet has posed a host of new organizational opportunities and challenges. Given the Internet’s potential to revolutionise business operations, it is important to understand the implications of it on businesses in general. Although other e-channels such as Interactive Television (iTV) and Wireless Application Protocol (WAP) technologies are available for services delivery, their use is still limited in the provision of financial services. Issues related to these technologies are also very similar to those of the Internet.

The Internet is a massive global network of interconnected packet-switched computer networks. Hoffman (2002) offers three (mutually consistent) definitions of the Internet: a network of networks based on the TCP/IP protocols; a community of people who use and develop those networks; and a collection of resources that can be reached from those networks.

The Internet has evolved over several decades with it’s growth accelerating exponentially during the 1990s. The most exciting commercial developments however, are occurring on that portion of the Internet known as the World Wide Web (WWW). The WWW is a distributed hypermedia environment within the Internet, which was originally developed by the European Particle Physics Laboratory (CERN). Global hypermedia allows multimedia information to be located on a network of servers around the world, which are interconnected, allowing navigation through the information by clicking on hyperlinks. Any hyperlink (text, icon or image in a document) can point to any document anywhere on the Internet.

The homepages of the WWW utilise the system of hyperlinks to simplify the task of navigating among the offerings on the Internet. These attributes enable the Web to be an efficient channel for advertising, marketing, and even direct distribution of certain goods and information services. A more recent development is web 2.0 which may be described as a newer version of web-based applications (such as wikis, social-networking sites, and blogs) which aim to enhance creativity, collaboration, and interaction between Internet users. These developments on the Internet are expanding beyond the utilisation of the Internet as a communication medium to an important view of the Internet as a new market place.

The Internet influences the future services/products distribution channel structure in two ways. First, the costs of using it are different from those of other available distribution channels, and the service output it provides is often different from the service output provided by traditional distribution channels. Second, the Internet influences consumers. Many of them invest time and resources into becoming computer-literate and in getting to know the Internet. Other consumers do not become computer-literate and do not gain familiarity with the Internet. These two customer segments are likely to have similar needs. Therefore, the existing distribu-
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