Chapter V
A Managerial View of E-Banking

INTRODUCTION

As discussed in the Chapter IV, e-banking is different from other forms of technological projects. It brings a different set of challenges for managers which are discussed in Section one of this chapter. It is widely acknowledged that complexity in the managerial environment has increased because e-services often require decisions that focus on integration of internal/external systems, adoption of new business models and frequent restructuring of existing business processes and structures. This chapter discusses some of those challenges and ways in which they can be met.

MANAGEMENT CHALLENGES

Many authors have outlined the impact of new technologies on organizations. For example, CRM systems can force a general realignment of business processes, which in turn can cause major changes in a firm’s activities. Similarly it is widely recognised that new technologies like the Internet may have a deep influence on a firm’s organization structure (Ayadi, 2006).
Implementation of e-banking often results in significant changes in the organization, giving rise to new and complex challenges for managers. The Internet also impacts market structure, and affects competitive advantage in the banking sector. Some organizations implement changes required to respond to the above challenges before they implement e-banking technologies, some do so while implementing them, and others respond to the need as and when it is forced upon them. Which of these managerial strategies should be adopted is another managerial challenge.

**Increased Customers Expectations**

Arrival of online services has increased customer expectations, leading them to expect better value products delivered more quickly. E-banking has the potential to be a rich experience for customers, with the foremost goal being to increase the depth of the relationship between the customer and the bank. As technology evolves, the opportunities to extend and enrich the relationship with customers also grow.

The goal of e-banking should be to provide many, if not all, of the services offered at a branch. This may include transactions as well as information, advice, administration, and even cross-selling. However, the interactive nature of the Web not only allows banks to enhance these core services, but also enables them to communicate more effectively and expand customer relationships. When combined with the improving analytical capabilities of data mining and related technologies, the potential for innovative product and services development can go well beyond our current limits.

**Security Problems**

Internet security is still one of the major issues hindering the growth of Internet related trade. Owing to the structure and intention of the Internet to be an open network, financial transactions may involve high security risks. Internet frauds are common, and related stories get immediate media attention, making people hesitant to bank online. Different security methods (for both hardware and software) are being tested and employed continuously but there is still some way to go to win the trust of many customers. E-banking managers need to be aware of new security threats as well as new methods of combating those threats to stay on top of this challenge.

Managing information security is a very complex issue. Clarke (2007) argues that the domain is dominated by a set of practical controls which are seen as rigid, unclear and largely irrelevant to the business needs of most organizations. Even within some recent developments that have sought to provide a more accessible model for managing information security, most current practice is based around the needs of the technology and of information rather than the needs of people in
Do Bankers Use Managerial Discretion with Regard to CSR and Earnings Management to Rebuild Their Reputation in the Aftermath of the Financial Crisis?