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Expert paper

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BANKING WORLD IN A NEW LIGHT

Summary: *The banking world today is in a computer cloud that combines next-generation devices connected with intelligent software. There is a completely new look, respecting the ways of providing services and meeting the needs of users, based on consolidation, partnership, mobility and security. Today's banking system is characterized by the application of ATM machines, Smartphone's and tablet devices. Digital devices are becoming tools of payment and the way users are managing with their finances. The research aims to emphasize the way in which the technological revolution has created new financial services and changed the world of finance. Further it concerns with global reaction of the users on new technology that have made a big turnaround in banking world. This research aims to fill the gaps that exist in the finance literature and towards providing facts about the state of the world's banking market.*

Key words: *banking system, mobile financial services, mobile terminals*

JEL Classification: *G21, O33*

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INTRODUCTION

The impulse of technological development has risen to the level where internet capabilities are becoming unstoppable. As a result, the time and distance are no longer a limiting factor. They are changing the way of life with an increasing speed. Communication in real-time is developing, which is enriched with high-quality video and voice communications, which simplifies and enriches the user experience. The users are not tied to one place and there desktop computers. The need for speed has led to a growth in demand for third generation (3G) of mobile services as well as accelerated implementation of the fourth generation (4G).

3G offers faster data transfer unlike its predecessors (1G and 2G). This type of technology is changing the world of financial services. Banks are facing with unique challenges imposed by the environment. Needs and expectations of users are changing with incredible speed.

Under the influence of technological progress the access to banking services is changed. Banking services are implemented with the help of digital distribution channels in the form of ATM (Automated Teller Machine) machines, desktop devices, smartphones and tablet devices. New technologies are directing banks in way to create innovative products and services which will meet new customer needs.

In order to respond to new market demands and to increase profitability, banks are encouraged to use available technologies and to get in touch with customers needs on a deeper level. Technology is crucial for success and for meeting the needs of users. The users on the go are new kind of users. New tools and opportunities offered by banks are characterized by high dose efficiency and flexibility.

1. EVOLUTION OF DIGITAL DISTRIBUTION CHANNELS FINANCIAL SERVICES

The influence of technological development has not bypass the world of banking giving to him a brand new look. The implementation of 3G mobile network has caused that the distribution of financial services has entered

in a new dimension. As the information and communication technology is constantly evolving and changing at the same time they are changing the offer of banking products and services which is caused by new customer requirements. The survival of the financial services market is based on the effective implementation of technological innovation. The greatest progress has been made in the field of facilitating the way of payment.

The role of banks under the influence of technological development has changed from its root. Banks as financial institutions, are known by the width of the services that they are providing to its customers, from the basics account information and savings systems, to the approval of loans to their clients (Rose 2005, 5). However, with the time as changing factor banks are moving away from their traditional role and are growing in to specialized institutions. Banks are becoming providers personal and local information (Djordjevic 2007, 39).

Innovations in the field of banking are starting with development and implementation of the ATM and POS (Point of Sale) terminals. Physical terminals provide users with the possibility of depositing money to its bank and savings accounts, raising money, gaining insight into the account balance, money transfers and so on. They are characterized by speed and ease of service delivery.

Popularization of the Internet as a global phenomenon which enables the transfer of data and information at high speed regardless of the geographic distance is having the big impact on the world of banking. The Internet has enabled the implementation of desktop and laptop computers in the realization of financial services which has enabled users ease access to financial services.

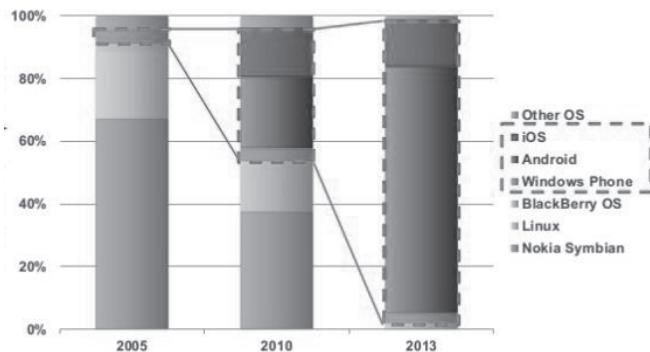
Great popularization of the Internet and the success on the field of implementation 3G and 4G mobile services has been the leading factors of development of mobile banking. Mobile banking services are cherished by the users because of inseparability of time and place, and above all because of effort-saving qualities (Mallat and Rossi and Tuunainen 2004, 42). It is based on implementation of mobile terminals which represent specialized devices adapted for optimal use this type of service. Today they are present in the market as smartphones and tablet devices. Popularization of

mobile devices which are adapted to meet the high expectations of users has caused the expansion of the mobile Internet market. The mobile Internet market has finally flourished starting from 2007. In 2009 Europe has counted 95 million mobile Internet users and USA had 55 million Internet users at the same time (UMTS 2011). Access to the user via his mobile phone is giving to the bank opportunity to examine his or her needs and to use the most powerful tool of mobile devices - personalization (Djordjevic 2007, 39).

Banking services are changing with the evolution of connection channels and with development of mobile Operative System (OS) and Application Stores (App store). Connectivity is an area that is most altered and that will in the future expect even greater changes. The boom factor has occurred with the implementation of 3G and 4G and mobile operators are becoming the primary distributors of this type of service. OS has been changed with smartphones and they today represent the heart of the mobile terminal. The connection between the mobile terminal and applications is achieved via the OS. App Store as a novelty has influenced significantly the way of providing and meeting with customer needs. Mobile applications are programs specifically designed to work with OS mobile devices (Mobile Payments Today 2011). The first application store has arrived by Apple, American multinational corporations the leader in the production of computers. In this way the users have access to different types of applications special customized to satisfy there specific needs.

Survival in the market has caused adaptation of the banks to the new way of providing services to users. For a bank is very important to create special applications (apps) as a way of delivering their services to customers. Apps should be characterized by the speed of transfer of resources and they need to be easy to use. They need to have features that are tailored to the users everyday life and they also need to have buying options. The app has the ability to access the account balance and to check status of transaction, authorization and realization of payments, as well as news feed. Attention to the builders of mobile apps needs to be focused on three leading OS producers in order to achieve the best experience for users. Research conducted by Gartner indicates that 97% of OS world market in 2013 has

belonged to the OS system built in the United States and the main producers are iOS, Android and Windows Phone which is presented in the graph below (KPCB 2014).



Graph 1. Globalni smartphione OS market share, %, 2005 - 2010 – 2013
(KPCB 2014)

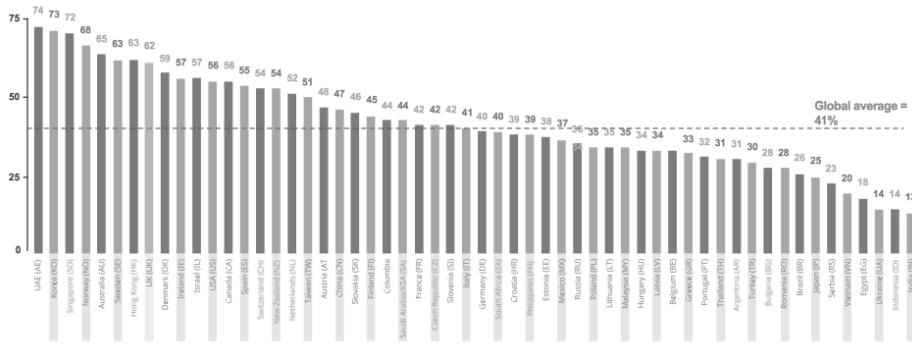
A new form of banking services is realized with the application of tablet device. Slim, portable terminals, with large screen that can provide access to people and information anywhere and anytime is creating a more impressive experience for users. Requires OS and apps that are specially designed for them.

Rapid changes in the banking world carry with them the inevitable security problems. Security is based on the protection of users from fraud and in strengthening users confidence in the security of financial information. The information system has become the heart of the modern banking today and information has become the most valuable assets that needs protection from insiders, outsiders and competition (Munirul and Zuraini and Zailani 2011, 1).

2. PENETRATION OF MOBILE TECHNOLOGY IN BANKING WORLD

High acceptability of smartphone is undoubtedly raised customer requirements at a higher level. Today's reality comes down to the fact that our

phones are constantly in our hands. Where 80% of smartphone users do not leave their homes without their device, then 74% of users use the Internet and there content on a daily basis, while 55% of users use their devices for various research (Google 2013). Technological progress is developing customer specific needs.



Graph 2. Smarthphone penetration, % 2013 (Google 2013)

Eligibility of smartphone worldwide is at an average level of 41% determined on the basis of a study conducted by the international research agency TNS for 2013, presented in the graph 2 (Google 2013). The use of mobile phones continues to grow rapidly. The percentage of use of mobile phones in the total Internet search at the global level was 25% in May 2014, as distinct from the previous year-around where that figure was 14% (KPCB 2014).

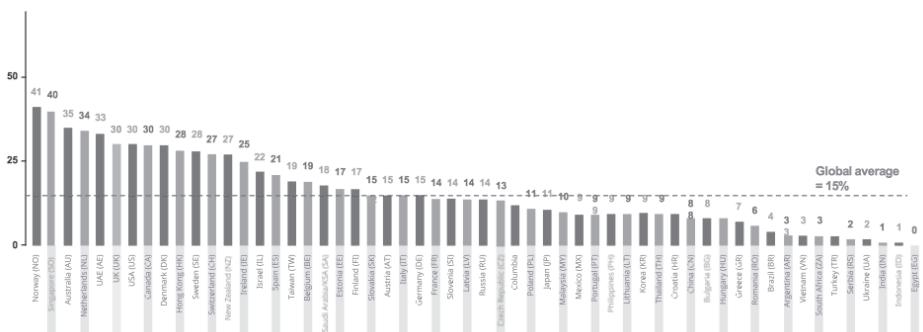
The target audience of applications of mobile financial services they first find users in developed countries because they have a developed financial infrastructure with a wide range of financial instruments such as credit cards, debit cards, prepaid cards, checks (Donner and Tellez 2008, 320).

Becoming a part of every daily life of users smartphones have changed there needs. There is a need to meet specific user needs, customized to their individual needs. Banks are directed in the direction of providing specific facilities that users want to achieve when they are away from their offices. They develop apps specifically tailored to the type of device. The

appearance of mobile apps varies from bank to bank, characterizing them with varying degrees of functionality.

Mobile devices are becoming virtual wallets and are turning into payment devices. They can have a purpose of an assistant in the purchase in terms of the request for information. Where in the study conducted by Gartner number of transactions achieved in using mobile devices in 2009 was 73.4 million, in contrast to 2008, where the figure was 43.1 million, indicating an increase of 41% (UMTS 2011).

Tablet devices have recently been present in the market of mobile terminals. Availability tablet banking services offered by financial institutions around the world increases. Penetration of tablet devices globally is at an average level of 15% was found research by TNS, presented in the graph 3 (Google 2013). Whatever it was, many experts in the field of technology agree that today's business leaders will not make the same mistake with tablets as they did with smartphones with dismissing them as too expensive toys (Citi 2013).



Graph 3. Tablet penetration, %, 2013 (Google 2013)

Tablet devices are taking up the business world which was determined according to a study conducted in the business world by Financial Times, where 70% of users agreed to use apps on their tablet devices, while 43% of respondents agreed that using apps on their smartphones. North Americans are among the most serious users of mobile apps in most categories.

Asians used tablet apps in a much smaller scale compared to Europeans and North Americans (Financial Times, 2012).

CONCLUSION

The changes that financial institutions are facing today is taking the form of a revolution in terms of form and function. Triggered with the impact of technological progress which has resulted as an explosive growth in the smartphone implementation and the development of tablet devices. Creating a new kind of user on the go whose life has been reduced to portable screens with extremely large possibilities. The survival of the banks is conditioned by the implementation of new technological solutions which are based on the increasing adaptation to individual customer requirements. Financial institutions are focused on the research and development of apps that provide users with services on a touch of screen. They are creating financial products and services adapted to individual customer needs. Smartphones and tablet devices have encountered on exceptional acceptability by users. Today, users rarely separated from their portable gadgets.

There is no doubt that the number of mobile users of financial services will continue to grow. The future of the bank is based on the development of systems that would provide them a place in the market following the technological advances. Speed is the key, it remains the question how will 5G look and what will bring to the banking world.

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