

Opportunities and Challenges in the lifecycle Bank: Virtual Banking

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Abstract.

Today, identify new markets is one of the needs of each professional. Modern business requires the right tools and infrastructure for economic development process. Banks are the most important indicator in trade. The aim of this paper is identifies oopportunities' and challenges in the lifecycle Bank by Virtual Banking. Technology is in progress in today's world and we can see the presence of electronic services in all financial marketplaces, such as banks. Bank's features in every society caused development in economic and social sectors; hence, it's obvious that banking industry plays an important role in the development of countries. Keeping money, fund transfer, collection and distribution funds, converting currency, and giving facilities are some of the tasks that a bank can do. This paper introduces a new strategy for the life cycle Bank by the Virtual banking and offers valuable solutions for business sustainability and based on fact.

Key words: life cycle, banking system, virtual Banking.

1. Introduction.

Over the past three decades, the proliferation of new information and communication technologies within the financial industry has impacted the way banks service their customers. In particular, self-service technologies have enabled banks to pursue an electronically mediated multi-channel strategy. (Black et al, 2002). From the consumer's perspective these new technologies provide new modes of data access, analysis and decision-making regarding one's financial management (Hartmu et al, 2012). Using electronic systems in banks and financial institutions is growing rapidly in the world, and the number of users that benefit from electronic services are increasing. Banking operations, related to customers of traditional banking, are all done manually and there are many factors that impact the operations which are depend on human factors and mistakes. Whereas banking operations for other customers can be done via communication channels, in every hour a day and without the need for the physical presence of them in the bank building. Among the advantages of electronic banking we can point to the reduction of the customer's presence in the bank, reduction of bank's physical development, reduction of customer's activity time, increment in the banking operations and customer's convenience, reduction in human mistakes and so on. (Hosseini and Mohammadi, 2012).

The rapid expansion of information and communication technologies has had a tremendous impact on all areas of human life (Schneider, 2006). A widely studied area of technological transformation is in retail financial services. The Internet has sparked an IT-based revolution in the financial services sector that has radically altered the way that banking services are delivered. This development, referred to as Internet banking (IB), has enabled busy people to complete their financial activities in a cost-effective and efficient manner at any time of the day, regardless of their physical location (Makris et al., 2009).

IB also allows bank customers to engage in a vast array of financial services such as paying bills, checking account information, transferring funds, and utilizing investment and check services through bank websites (Tan and Teo, 2000). Due to these advantages, for reducing costs, accelerating the processes and increasing the quality of customer services in addition to elimination of time and place restrictions and expansion of banking activities, the necessity for transforming traditional banking to electronic banking is obvious. Nevertheless, the most important proposed issue related to electronic banking operations, is providing the security of electronic transactions. The most important asset in a bank is its customers, so banks should provide a high level of security by securing the transactions, to gain the trust of customers. In other word, security of banking operations impacts the adoption of electronic banking by customers. (Hosseini and Mohammadi, 2012).

2. What is Virtual Banking?

The bank was established in October 1995 in the US and has since then attracted much attention and speculation in both the financial and information technology communities. In fact, some even asserted that “virtual banking got started with the Automatic teller machine (ATM). Others describe telephone banking and home banking as other forms of virtual banking. A virtual bank can then be defined as a “non-branch bank”, while the virtual banking is the provision of banking services through electronic media such as ATM, telephone, personal computers and/or Internet. Virtual banking so depend has been with us for some time. Previous studies have shown that the use of IT has helped banking organizations. For instance, a recent study on the US retail banking sector shows that the transaction cost of telephone banking is only 40% of the cost through physical branch. However, there are other important issues that need to be tackled. For instance, to what extent will the retail bank customers adopt new forms of banking? What are the factors that affect customer's adoption intention? (Liao et al, 1999).

This service means that banking services such as services introduction, loan application, account balance inquiry, fund transfer and so on are provided by a bank through the internet. Based on the literature review, the research framework was formulated. Some of researchers believed it is possible to study acceptance from the attitude of the process of consumer decision-making (Karjaluo et al., 2002; Gan et al, 2006). Individuals always make decisions on consumption related information search, brand choice, and product usage. These decisions are sometimes difficult to make because there are too many alternatives or limited time. The variables individuals' use to evaluate service alternatives come in many forms. (Nikghadam Hojjati and Rabi, 2013).

A study on the Internet users, conducted by Internet and Mobile ssoication of India (IAMAI), found that about 23% of the online users prefer IB as the banking channel in India, second to ATM which is preferred by 53%. Out of the 6356 Internet user sampled, 35% use on line banking channels in India. This shows that a significant number of online users do not use IB, and hence there is a need to unders tand the reasons for not using it (Geetika et al, 2008). Until the advent of ATMs, people were unaware and / or not directly affected by the technological revolutions happening in the banking sector. ATMs become the major revolution for customers, since it offered the facility to avoid long queues in front of the ashiers in banks. It also provided them the flexibility of withdrawing money - anytime, anywhere (Sharma, 2009). In the study by IAMAI, it was found that the people are not doing financial transactions on the bank Internet sites in India because of reasons such as security concerns (43%), preference for face to face transactions (39%), lack of knowledge about transferring online (22%), lack of user friendliness (10%), or lack of facility in the current bank (2%). (Jamaluddin, 2013).

3. Opportunities in the Virtual Banking.

As the Internet and Web revolution moves into full swing, commercial banks not only stand only on bricks-and-mortar services, but also clicks-and-mortar activities. E-banking is another medium to achieve the marketing objective, especially to reach more customers. A study by Sulaiman, Lim and Wee (2005) shows that the E-banking adopters' perceptions of E-banking appear to be very favourable. On the whole, it can be seen that the adopters perceived E-banking to be useful, easy and better way to conduct banking transactions than more conventional means. (Goi, 2015).

Using internet as a service provision platform by internet banking leads to expand target market and improves bank customers' base. Considering many people's access to internet and provider of internet banking through internet and web sites, a trust on commercial brands is created. Internet banking platform is a service that can be accessed from anywhere and at any time and changes the social behavior of the people. Service innovations in internet banking will be increased and new and innovative software will be provided by internet banking industries. All transactions and user visits from bank websites will be stored. Using this stored information, users' behaviors can be underhanded and forecasted easily. Using this understanding, new or changed product or services will be presented in order to improve service quality and convenience. Provided services by internet banking will cause new customer's experience and more customers' cooperation in internet banking services. (Hosseini and Fathi Kiadehi, 2014).

4. Challenges in the Virtual Banking.

With the growth of the internet, the possibilities for money laundering have changed and transformed significantly at each of the traditional stages of money laundering. For example, digital networks allow passing the placement stage because the stolen money already exists online or, as in the case of the illegal trade in digital currencies, money has already been pre-laundered, because they are placed in the legal financial institutions without placement stage. The internet, with different services and payment systems and with the ability to split money quickly into small sums and then merge the small sums into the large amount on the later stages of money laundering, gives criminals countless number of options to create complicated schemes using different ways to transfer money at the layering stage. At the integration stage, e-commerce models can be borrowed from

the legitimate sector for the establishment of companies, like e-traders or online casinos, which will integrate criminal wealth and make it appear legitimate. (Tropina, 2014).

Facing extremely severe competition from non-banking sector, the banking industry has adopted a more aggressive approach in the development of new e-banking services. For instance, some large banks have started to install advanced software to process all consumer loan applications online, a new paperless e-loan process. And interestingly, the signatures will be created from images collected by special electronic signatures (e-signature), which has been available and legal since 2000. In UK, banks now view e-banking from new distribution channel before to new business models in which e - banking service is considered together with banks' strategic planning, business process, and product/service package offering. (Li, 2002; Brown et al, 2004; Bahl, 2012).

Non face to face transactions make it possible to hide one's identity or to stay anonymous and to use different accounts at the same time, which make it difficult to implement know-you-customer techniques or monitor the behavioral patterns of the customers if they want to mask their identity. While the traditional financial system is usually based on a long-term relationship between the customer and the financial institution, in the age of online payments this relationship can be very occasional and can include the transfer of a very small amount of money. Furthermore, the system gets more complicated because many intermediaries allow transfers from one service provider to another, some platforms permit peer to peer transfers, and a number of payment systems are connected to the traditional banking system and allow credit accounts with bank cards. Thus, implementation of the traditional techniques to monitor suspicious transactions by the payment providers can be undermined by the lack of the implementation of these tools by other intermediaries or by the insufficiency of the information about client behavior. (Tropina, 2014).

The reliance on new technology to provide services makes security and system availability the central operational risk of electronic banking. Security threats can come from inside or outside the system, so banking regulators and supervisors must ensure that banks have appropriate practices in place to guarantee the confidentiality of data, as well as the integrity of the system and the data. Banks' security practices should be regularly tested and reviewed by outside experts to analyze network vulnerabilities and recovery preparedness. Capacity planning to address increasing transaction volumes and new technological developments should take account of the budgetary impact of new investments, the ability to attract staff with the necessary expertise, and potential dependence on external service providers. Managing heightened operational risks needs to become an integral part of banks' overall management of risk, and supervisors need to include operational risks in their safety and soundness evaluations. (Bahl, 2012)

5. Conclusion.

In this study mentioned the opportunities and challenges in the lifecycle Bank: Virtual Banking and explained the strategic aspects of banking. This paper show internet and its applications caused a revolution in service provision in financial sector. This revolution in financial services caused changes in banking service provision leading to internet banking. Using cost effective and helpful solution, internet banking caused a decrease in the time required for financial activities. This technology resulted in bank customers' cooperation in banking activities such as payments, statements, account information review, money transfer and etc. Without having any physical locations (Hosseini and Fathi Kiadehi, 2014). This powerful tool is can make a very significant impact. So, Attention to these concepts is effective in life cycle banking.

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