E-banking and E-governance

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E-banking and E-governance (e-government and e-democracy)

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E-banking and E-governance (e-government and e-democracy)

LEARNING OBJECTIVES

In this session we will discuss how the internet is changing the conduct of banking activities and the provision of government services.

At the end of this session, students should be able to:

1. Explain e-banking and explain the differences between mobile banking and internet banking. Students should also appreciate other channels of e-banking including ATMs.
2. Explain e-governance and explain the differences between e-government and e-democracy.

Electronic banking

E-banking Defined

E-banking can be defined as the deployment of banking services and products over electronic and communication networks directly to customers (Singh and Malhotra, 2004).

These electronic and communication networks include Automated Teller Machines (ATMs), direct dial-up connections, private and public networks, the Internet, televisions, mobile devices and telephones.

Singh, B. and Malhotra, P. (2004) Adoption of Internet banking: An empirical investigation of Indian banking Sector. *Journal of Internet Banking and Commerce, 9 (2).*

E-banking Defined

In a very simple form, it can mean

- the provision of information or services by a bank to its customers, via computers, television, telephone, or mobile phone (Daniel, 1999).

Burr (1996), for example, describes it as

- An electronic connection between bank and customer in order to prepare, manage and control financial transactions.

Burr, W. (1996). Wie Informationstechnik die Bankorganisation verändern könnte," *Bank und Market*, 11, pp. 28–31.
Daniel, E. (1999). Provision of electronic banking in the UK and the Republic of Ireland, *International Journal of Bank Marketing*, Vol. 17, No. 2, , pp. 72–82.

E-banking Differences

These differences can take two main dimensions. The first is the use of **electronic channels** and the second is the **sophistication of banking services** delivered over an electronic channel.

Electronic Channels refer the electronic medium through which the banking services are delivered.

1. **ATMs** – Automated Teller Machines
2. **Telephones** – Voice call banking
3. **Mobile Phones** – Voice Calls, SMS banking or Mobile Applications and Mobile-Internet
4. **Televisions** – Cable or Internet (wired or wireless TVs)
5. **Internet** – Desktops, Mobile phones, Tablets and TVs

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ATM Banking

Machine where customers use a bank card or debit card to carry out banking operations such as withdrawals, deposits, transfers and bill payments.

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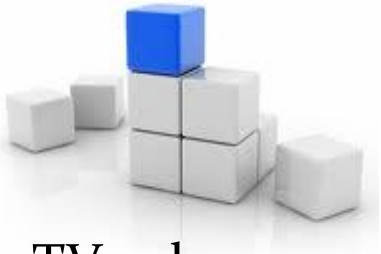
TV Banking



TVs where customers use a banking applications and network technologies (internet, radio, satellite) to carry out banking operations such as withdrawals, deposits, transfers and bill payments.

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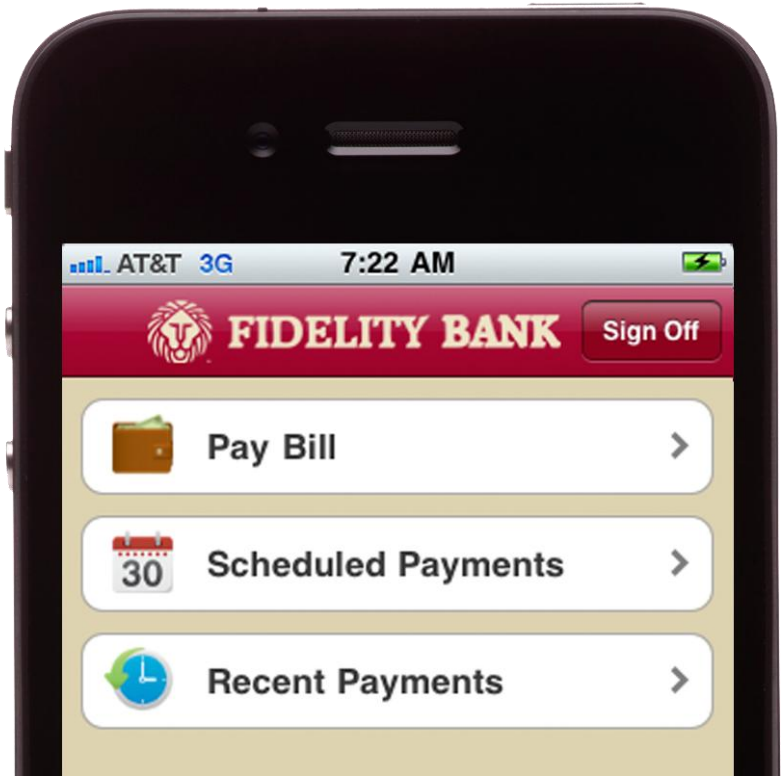
Phone Banking

Client

Phone Banking

Bank

Mobile Banking



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Internet Banking via Mobile

E-banking and E-governance
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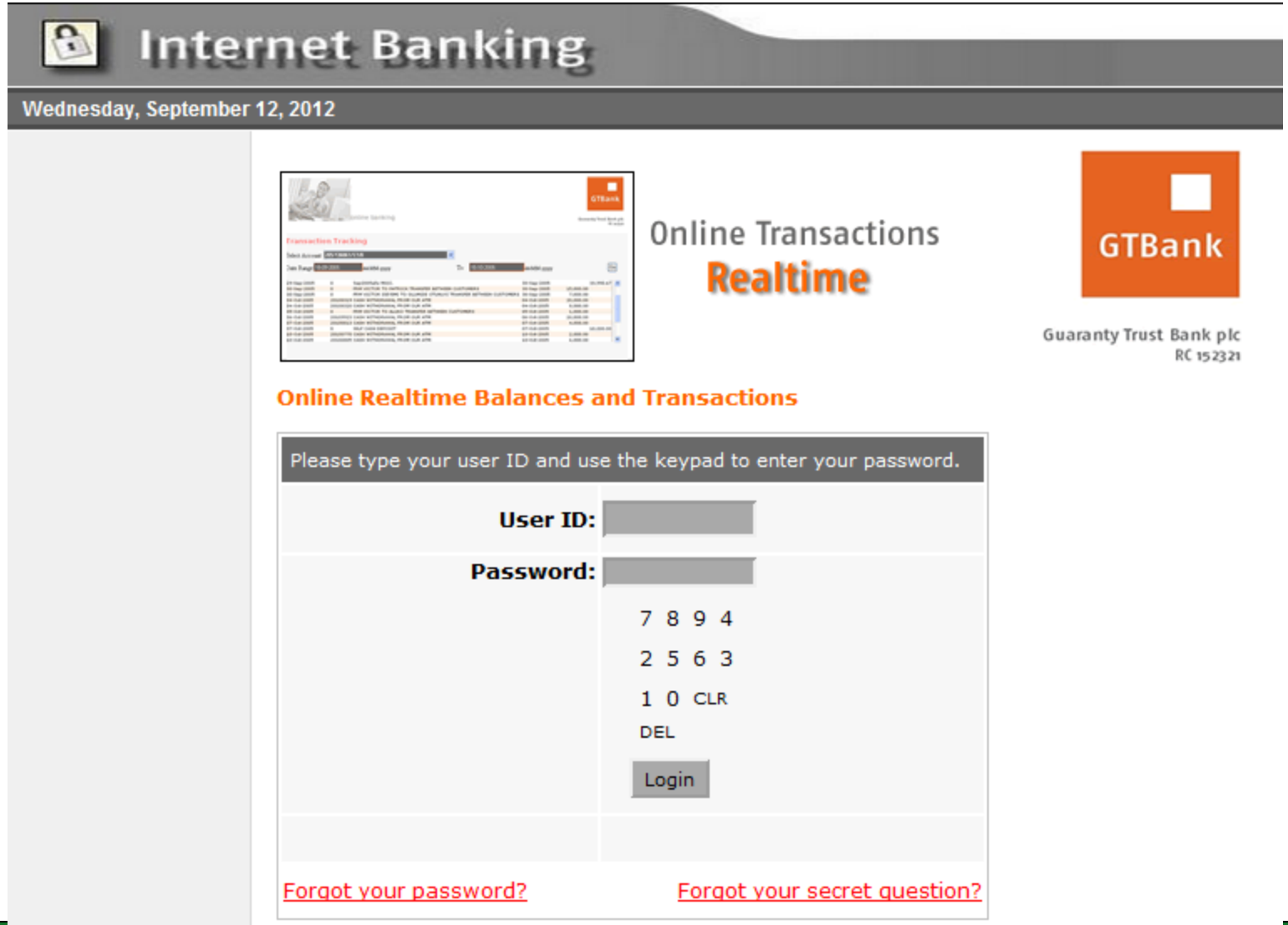
Internet Banking via Desktop



E-banking Services Sophistication

Refers to the nature and types of services offered

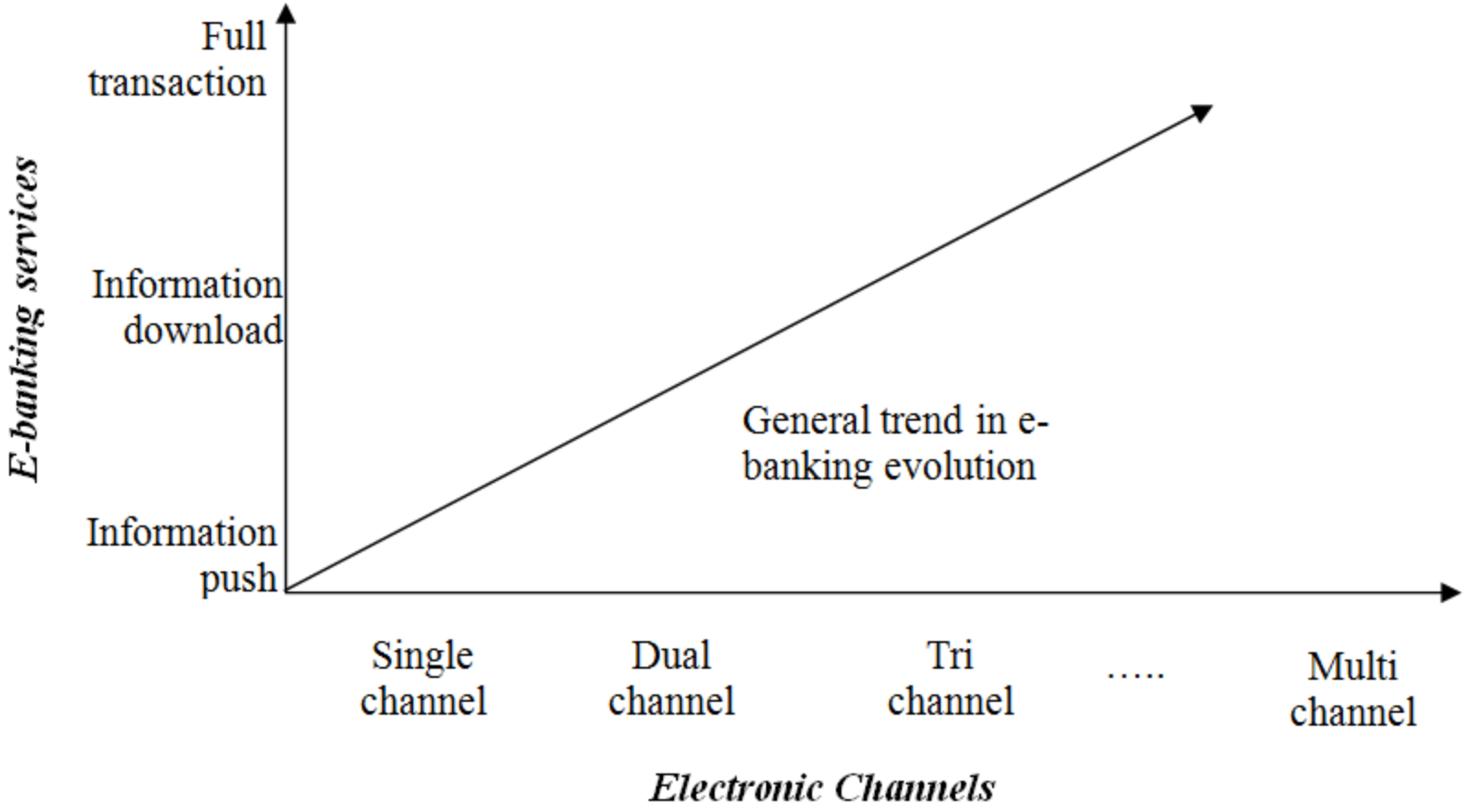
In terms e-banking services sophistication, this ranges from one way

information-push services *where* customers receive information about the bank, its products and services

information-download *where* customers can download (or ask in case of telephone-banking) account information and forms

full-transaction services *where customers can perform most banking transactions* (such as transfer between accounts, bill payment, third party payment, card and loan applications, etc) electronically

E-banking Channels vs Sophistication



E-banking Services

- ***Electronic Fund Transfers (EFT)*:** The bank account holder can buy goods or services online and make a business deal using Electronic Fund Transfer service via internet.
- ***Debit Card:*** Money can be withdrawn by an ATM machine with a personal identification number (PIN), 24 hours service.
- ***Utility Bills Payment:*** Monthly Utility Bills like electricity, water, telephone bills are now paid from bank account by internet banking service.
- ***Bank Account/Balance Statement:*** Now it is very convenient for customer to check their balance and also to get bank statement through internet banking services.
- ***Credit Card:*** Credit card is the facility to pay bill of our routine purchases without cash.
- ***Prepaid Smart:*** A prepaid smart card can be used for our daily purchasing like daily college expense, pay phone, or any bookstores etc.
- ***E-cheques:*** E-cheques are a legally binding promise to pay for online purchases.

E-banking Benefits

Banks

1. Lower operational costs of banks
2. Automated process - elimination of manual processes, efficiency and timeliness
3. Accelerated credit decisions
4. Improve customer communication and relationship

Customer

1. Accessibility and Convenience - 24 hour services
2. Branchless Banking
3. New Services or Service Differentiation
4. - utility payments, bill payments, rapid money transfer

E-banking Challenges

E-channel choice

- Assess resources, external constraints and customer needs and channel operational costs before adding new banking channels

Enticing customers

- Piloting to specific customers and customer education
- Consider level of internet access and choose right channel for right services
- Consider security and reliability and assurance
- Marketing the service - let them know
- Watch the technology trends – smartphones and tablet – change is here

Managing channel Conflict

- Potential channel conflicts can be managed by seeking opportunities for channel complementarities.

Operational E-banking

- E-banking is not just about delivery of banking services through electronic communication technologies.
- There is the **Operational E-banking** – computerizing internal banking operations (like cheque clearing, account management, bank-to-bank transfer).
- Most of people focus on **E-banking Service Delivery** – which is more about delivery of banking services through e-channels

E-Governance
(e-government and e-democracy)

Governance Defined

- To understand e-governance, we first have to understand governance and government.
- By governance, we mean the **processes and institutions, both formal and informal, that guide and restrain the collective activities of a group.** Government is the subset that acts with authority and creates formal obligations. Governance need not necessarily be conducted exclusively by governments. Private firms, associations of firms, non-governmental organizations (NGOs), and associations of NGOs all engage in it, often in association with governmental bodies, to create governance; sometimes without governmental authority.

Keohane, R.O. and Nye, J.S. (2000), "Introduction", in Nye, J.S. and Donahue, J.D. (Eds) Governance in a Globalization World, Brookings Institution Press, Washington, DC.

E-governance Defined

- Good governance is achieved when the processes and institutions work effectively together to promote and sustain the shared and equal interests of the group.
- E-governance refers to the use of technology, especially internet, in a manner which seeks to **continuously transform the internal and external relationships** of governments, the public sector and other governance stakeholders to promote **transparency and efficiency** in **the delivery of government services** and **encourage citizen participation and expression in good governance** (Riley, 2001; Saxena, 2005).

Riley, T.B. (2001) "Electronic Governance in Context". In Electronic Governance and Electronic Democracy: Living and Working in the Connected World. Canada: The Commonwealth Centre for Electronic Governance. Available at: http://www.electronegov.net. Accessed August 7, 2003.

Saxena, K.B.C. (2005) Towards excellence in e-governance, International Journal of Public Sector Management Volume 18, No. 6, pp. 498-513.

E-governance Defined

- E-governance consists of:

E-government

- the electronic delivery of government services to the public in manner which ensures efficiency and effectiveness in achieving outcomes. This includes e-administration, e-information and e-immigration.

E-democracy

- structures and processes which enable government to communicate electronically with citizens in order to foster democratic processes including participation in government's policy making. This includes electronic voting, e-information, and e-participation.

Funilkul, S. and Chutimaskul, W. (2009) The framework for sustainable eDemocracy development, Transforming Government: People, Process and Policy, Volume 3, No. 1 pp. 16-31

E-government Explained

The types of electronic interaction with public sector agencies or government agencies are,

1. Obtaining information.
2. Downloading forms.
3. Returning completed forms electronically; and
4. Managing administrative procedures completely electronically.

These types of electronic interaction are deployed through a number of services including:

- ***E-Information*** is the provision of information from government organizations and agencies through electronic communication media such as e-mails and web site.
- ***E-Administration*** is the use of ICTs to improve the administration and management of government, thus its cost, performance and services electronically.

E-government Explained

- ***E-Immigration*** is the use of ICTs especially the internet to provide immigration services to the public, businesses and consumers.
- ***E-Tax*** is the use of ICTs especially the internet to provide tax filling and payment services to the public, businesses and consumers.
- ***E-Commerce*** refers to the management of governance related business relationships, transactions and business information via electronic communication media. These services government to government e-banking, government to business e-banking, and e-procurement.

egoprise
egovernment for enterprises

Government
Procurement
Service supplier

E-banking and E-governance (e-government and e-democracy)

E-government Example

- the website for Ghana Districts – which features information on municipal, metropolitan and district assemblies in Ghana - www.ghanadistricts.gov.gh. The Ghana Districts website at is a one stop shop information centre for metropolitan, municipal and district assemblies.

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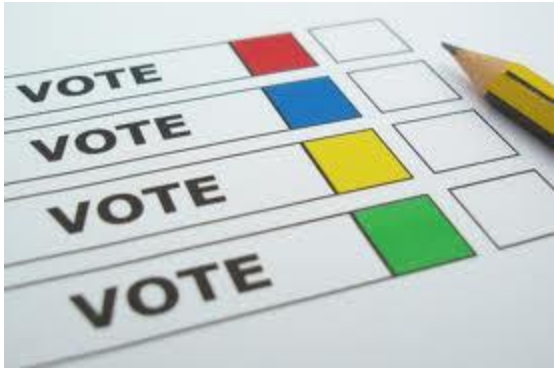
President Obama marks the eleventh anniversary of the September 11th attacks by remembering the innocent lives lost, and honoring the first

E-democracy Explained

The two main objectives of e-democracy are

- Providing the public and the citizenry access to **information** and knowledge about the governance process (including the politics), about services and about choices available; and
- Providing the public and citizenry access to the appropriate structures to actively **participate** in the governance and political process. This can be achieved by
  - Informing the citizen
  - Representing the citizen
  - Encouraging the citizen to vote
  - Consulting the citizen
  - Involving the citizen



E-democracy Explained

- ***E-Participation*** refers to the structures and processes to engage the public in the policy process via electronic communication media. It encompasses e-consultation and e-complaint, which extend the engagement process into an opportunity for interaction and sharing opinions, ideas and complaints between government agencies, citizens and among citizens themselves.
- ***E-Information*** is the provision of information from government organizations and agencies through electronic communication media such as e-mails and web site.
- ***E-Voting*** is the exercising of voting rights of citizens in a democratic system. E-voting includes the electronic registration of voters, authentication of voters, casting of ballots or votes and collating voting and publishing results.

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E-democracy Explained

- Apart from government, political parties also have a role to play in promoting democracy. E-democracy enables political parties to use the internet to connect and interact with the citizenry. The various political parties have made efforts at having an online presence.

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Political Party

The New Patriotic Party is a liberal democratic and liberal conservative party in Ghana founded 1992. Slogan Development in Freedom

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http://www.ndcghanaonline.com/

610

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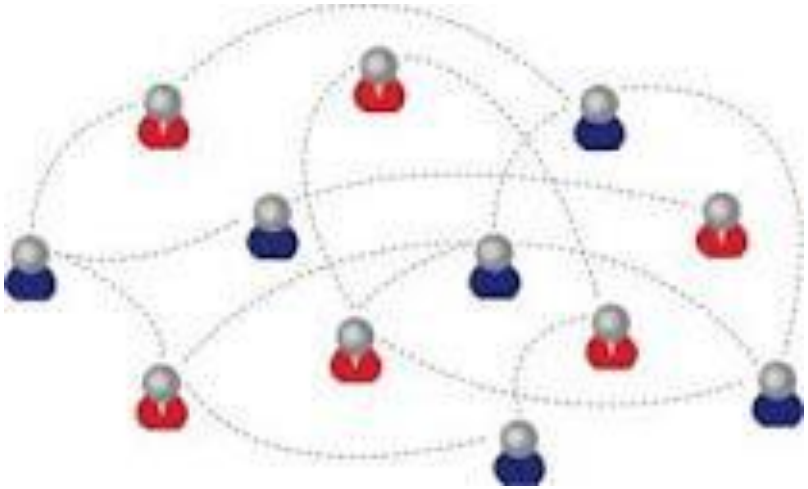
E-governance Challenges

Poor promotion and marketing of e-governance initiatives.

1. Poor promotion contributes to a general lack of awareness and knowledge among citizens on e-governance initiatives.
2. These findings suggest that adequate resources and contextually-relevant strategies are, therefore, required to promote e-governance initiatives to stakeholders in order to encourage participation, adoption and usage.

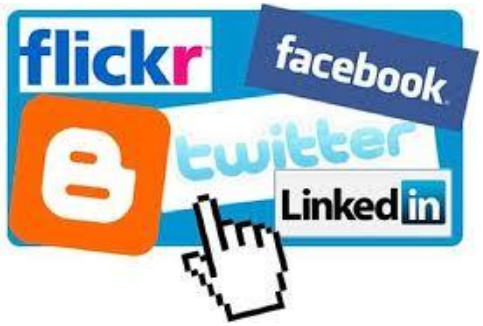


E-governance Challenges

Concerning the online presence of government, a majority of websites reviewed are informative in nature and offer little room for interactivity between government and citizens.

1. Web 2.0 technologies are more likely to be found on websites of political parties and personal pages of politicians.

2. Most websites are also not updated because lack of personnel and administrative bottlenecks.



E-governance Challenges

In local government institutions, there is also low incentive to build a website –

- low levels of literacy,
- lack of local content in local languages and
- other infrastructural challenges – poor internet access

make it challenging to develop citizen-centric services which are affordable and accessible.

The End