

## DIGITAL MARKETING IN BANKING SECTOR

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### Abstract

*The internet banking is a miracle which has transformed the way of banks across the world to carry out banking transactions and has brought about new strategic directions for investment in banking information and communication technologies. This paper focuses the trends of research in the diffusion and adoption of internet banking in growing countries through a content analysis of existing literature that focuses on developing countries. The function of the study is to bring out the current level of research on internet banking in developing countries and to uncover any gaps that need scholastic consideration. Throughout the study of 188 journal articles that emphasized on internet banking dissemination, adoption and execution in developing countries, we found that research on internet banking had obtained immediate erudite attention in growing countries from the year 2000 when internet banking got a phenomenon and peaking in 2012. However, the consequence of this analysis also shows a prominent in research studies which is based in Asian countries with many Caribbean, South American and African countries still falling behind in internet banking research. The finding gives a perception on directions and research gaps in internet banking and will be useful to scholars and trainers who are working or plan to take effort in the field of internet banking in developing countries.*

**Keywords:** online banking, Internet banking, digital banking, E-banking, developing countries

### Introduction

The emergence of internet technology has prominently revolutionized the way business and service delivery is executed by firms and trades all over the world nowadays. Electronic commerce (EC) has changed the strategies of marketing in trades in the way they put for sale and send their products to the end consumer by the use of internet. Some of the business activities have promoted through the use of EC consist of supply chain management, electronic fund transfer (EFT), online marketing (OM), electronic marketing (EM), electronic data interchange (EDI), online transaction processing, and automated data management among others (Zwass, 2003). One area of EC that has been adopted by banks around the world is the phenomenon of internet banking (IB) or online banking. IB has described like the utilization of internet technology in the delivery of services on banking and financial side using the universal nature of the internet (George and Gireeshkumar, 2012); and also like the act of

conducting financial transactions remotely over the internet through a bank's dedicated website (Shao, 2007). This new service delivery procedure forms a subset of electronic banking (EB). It encloses of all forms of EB channels containing IB, automatic teller machines (ATM), credit and debit card transactions, mobile banking (MB), telephone banking and EFT(Akinci, Aksoy and Atilgan, 2004). Customers are able to do their banking transactions at any time and anywhere with the help of the internet as long as internet connectivity is available (Shao, 2007). Akinci et al. (2004) also express that the arrival of these new delivery channels has provided not only to the adoption of multi-channel strategies by the existing institutions, but also the advent of current forms of financial businesses like "virtual banks". Development of IB is one of the primary applications of EC at the change of the millennium attributable to the merits which offers to both financial institutions and the customers. Customers can organize activities on private and commercial banking rapidly, accurately and conveniently through the use of a bank's internet banking website without leaving the amenity of their home or office hence saving them money on travel cost and time to visit a branch of the bank to make the necessary transaction. It also allows the bank to reproduce the same facilities offered conventionally at the branches of bank to their customers of online at a lower operational cost (Dong and Bliemel, 2008).

It is considered that the operational cost to the bank of carrying out a transaction is about \$0.01 while the cost of performing the same transaction at the branch of a bank is estimated to be \$1.07 (Sarel and Marmorstein, 2003; Nath, Schrick and Parzinger, 2001). The cost deductions in operational service provision stated for the reason why numerous banks are putting money into IB technology while trying to preserve the level of same service and provide satisfaction to their customers.

In October 1994, Stanford Federal Credit Union (SFCU) provides the first IB services based on the world wide web (WWW) or the internet (Zimucha, 2012), IB has grown rapidly in many countries of the world as a consequence of its convenience and comfort in conducting banking activities at any moment and in any place as long as there is internet connectivity (Auta, 2010). IB has become not just a delivery channel but also a driver for comprehensive industrial change within the banking sector, resulting in the diffusion of IB technology worldwide.

The process of the diffusion of IB is communicating through channels on time to the banking community members and users of bank. (Rogers, 1995). The diffusion of IB is quickly become one of the EC applications together with online retail (e-business) and e-services at the start of the 21st century. The benefits in the new delivery channel of services in banking, many banks and consumers in some least grown and growing countries are yet to adopt and execute the services of IB (Fonchamnyo, 2013). It is not surprising because the men in the world have always been oppose the changes especially if the change will disturb their way of working or interacting with each other. Their unwillingness to change is even greater when it comes to technological changes

that will impact company culture and pose other uncertainties such as security risks and trust issues. Rogers (1995) posited that adopters of innovation could be divided into five categories – innovators, early adopters, early majority, late majority, and laggards. Many sub-Saharan African countries and Caribbean countries fell within this group of late/slow/non-adopters of IB and classified under previous majority and laggards in Rogers' (1995) categorization.

IB began to gain scholarly attention from the mid to late nineties when banks started to implement the information and communication technologies (ICTs) for IB service provision. Previous studies have performed on the research trends in the diffusion of IB from 1998 to 2006 centered on developed countries, notably European countries, and North America. R

Research on IB in developing countries, especially those from the Asian bloc began to get rapid grounds in the later years (2003 – 2006). According to the words of Shao (2007) only three research articles were exposed in the trend examines of IB in African countries.

The intention of this research study is to analyze the trends in the adoption of IB in growing countries. It has done by utilizing the gaps identified in Shao's (2007) trend study by concerning on research trends for developing countries only. The focus of this research is to investigate the study on the diffusion and adoption of IB in the least developed and developing countries and to expose any gaps in the analysis. The consequence of this investigation will provide the current roadmap in the diffusion and adoption of IB research in growing countries, especially those in the African continent. Webster and Watson (2002) stipulated that a methodological review of past literature is vital for any academic research to help the people to expose what is already known in the body of knowledge and where more research attention is needed. The findings will be useful for academics planning research in this area, and also for practitioners looking into implement or advise banks on the adoption of IB. This work will also help for future research studies to provide a theoretical and conceptual framework in this developing field of study.

## **Research Methodology**

This study focuses on IB research tendency in developing countries from 2000 to 2013. The tendency of this research follows the steps in a system approach conducting a review of literature in brace of research in information systems (Levy and Ellis's 2006). They suggested a framework that follows the systematic data processing approach that consists of the following three major stages: inputs (literature gathering and screening); processing (following Bloom's Taxonomy) and outputs (writing the literature review). This review is therefore systematically following the above steps; is explicit by describing the procedures used in performing the review; is inclusive in scope by comprising of all pertinent material.

In developing countries, a qualitative content analysis of journal research papers on IB was performed to identify categories of factors impacting IB adoption that have been studied, research methodologies that have been used, theoretical frameworks, sample population sampling types, countries and regions that have been analyzed and areas that need more scholastic attention. The researchers used the best medium of selection of papers for the study was limited to journal articles because these are peer-reviewed.

### **Article Selection Strategy**

Although IB just became widespread in the late 90's to warrant scholarly interest, many research studies have performed on the topic during this period. Given the overlap between IB and banking as a whole, there are quite a few journals that concern with issues of IB as their main focus. These include the Journal of Internet Banking and Commerce (JIBC) and the International Journal of Bank Marketing (IJBM). Articles for the review were started through the search of major electronic library databases like EBSCO host. It is the most recently used information from online resource for numerous Universities and Institution all over the world including 50 databases like Computer Source, Business Source Premier, Business Source complete, Academic search complete, Computer Science Index.

Other databases cross-referenced and databases searched included: Emerald, ABI-Inform, and Google Scholar. The above databases have good coverage of academic research including IB research with more than 6000 journals overlaying various fields of research and over 200 conference proceedings indexed on EBSCOHOST databases alone. The articles retrieved from the database searches revealed that most of the IB research came from two journals that focus specifically on the issues of IB, banking commerce and bank management - JIBC and IJBM.

The two journals were thoroughly explored and looking at each volume and issue since 2006 to retrieve other articles. It resulted in additional articles have exposed and together with the articles from the databases searches produced a reference library of 369 journal articles.

The databases were searched using search keywords that aided in organizing the search results to articles relevant to our study. The search keywords used were: "internet banking and developing countries," "e-banking and developing countries," "electronic banking and developing countries," "online banking and developing countries," "digital banking and developing countries," It was noticed that when "online banking, internet banking, or e-banking" were used as a single criterion on their own in the database searches, the innumerable articles were returned over 4000. So, the additional parameters like "developing countries" were added in the quest to make sure that the consequences were returned appropriate to the topic of interest. It greatly decreased the numerous articles on EBSCO host a reasonable in number on for

"e-banking and developing countries" Also, when "internet banking" was used on its own in the database search on EBSCOHOST, this returned over 13000 articles. However, when "developing countries" was added to the criteria of search ("internet banking" & "developing countries"), the consequences were again drastically decreased to a reasonable number of articles.

Three additional delimiters were then added to the articles returned by selecting the year 2000 as the beginning date for the publications to date. The Full-Text checkbox was chosen so that the quest can only return full-text articles and Scholastic (peer-reviewed) Journals checkbox to return only scholarly peer-reviewed journals. The delimiters further reduced the innumerable articles on EBSCOHOST for "e-banking and developing countries" and for "internet banking" & "developing countries". The same method was repeated on the other databases and for each of the combination of keyword mentioned above. It was observed that Google Scholar was using for the searches brought back too many results, in most cases over 100000 even when the search is changed to involve the delimiters of developing countries ("internet banking" & "developing countries"). So, the Google Scholar was limited to the search of backward reference, search of backward author and searches of forward author. Using searches of backward and forward author is very useful for systematic reviews of literature because authors are well known to focus their interests of research in one area of study and there is a likelihood of searching other articles on the same title published by them that was not picked up by the database search or that are not indexed on the selected databases used for the initial search (Levy and Ellis, 2006).

### **Inclusion of Criteria**

Initially, Researchers were used IB and EB interchangeably to refer to the same idea. However, given that EB is a wider term that represent other channels of electronic banking like ATM, mobile banking, telephone banking, etc., this analysis had contain both terms in its criteria of search to cover-up all possible research articles of electronic banking and then pass the articles based on the following inclusion criteria:

- Articles of Peer-reviewed Research journal
- Articles on the study of population was based on a developing country or emerging economy (classification of growing economy based on the classification of World Bank 2012)
- It also centered on online banking or IB.
- It was written in the English language

### **Exclusion of Criteria**

Articles which were not included are:

- Government reports, White papers, news reports, periodicals, and projects on sponsored research

- Proceedings of Conference.
- It is also based on other forms of EB or mobile banking.
- Articles which are on the study of population in the developed countries (Based on classification of World Bank 2012).
- Articles are written in the non-English language.

Studies from developed countries were not included because the research is steered at looking at IB adoption and implementation in growing and emerging economies. Secondly, there has a lot of research perform on the adoption and implementation of IB in the grown countries, and their systems of IB are currently on beyond the stage of adoption and more centered on enhancements and evaluation measures of its benefits. Another reason for not including the developed countries as stated earlier is that trend research on this title has performed in developed countries like Europe and North America (Shao, 2007). Shao's (2007) paper unfolded a big research gap in analysis on adoption of internet banking in Africa and South America. Hence, the study has assessed the process that has done in the growing countries following a methodology a very much alike to the review of Shao (2007) to unearth fields and countries that require more consideration of research in the growing and least grown nations. Though there was a sharp arise in analysis on IB in the Asian continent in the last three years of Shao's (2007) research, most of these analysis were rooted in a few nations of the Asian region like India, Malaysia, and Singapore. The review analyses the process that has done in the other growing nations in the region of Asian and regulates any gaps that require further scholastic consideration in that region.

### **Assessment of Quality**

Reviewed of all the articles in this study were examined through emphasizing on the methodology, abstract, and results to learn if they should be involved or excluded in using of the above criteria of inclusion and exclusion. The progress specified the articles of duplicate and many articles that were not addressing the internet or online banking diffusion, adoption and usage. All the articles of resulting from the quest were also organized digitally by using "surnames of authors and year of publication" to evade duplication when the same article is rejected from different searches (Levy and Ellis, 2006). The assessment resulted in the library usage of 188 articles.

### **Conclusion**

This article is one of the first attempts to map the trend in the research on IB or EB in the growing and raising economics. The purpose was to provide a current picture of research Endeavour's in the area of IB, uncover any gaps in the analysis and propose the directions of future into IB adoption and usage of research in growing countries. The key findings have focused that most of the research into IB has carried out in Asia

while the most under-researched regions are South America and the Caribbean. The highest research on IB has performed in Nigeria in the African continent, followed by Ghana, Mauritius, and Tunisia. Results also uncover that research on the adoption of IB is yet to be performed in many countries of Africa. It uncovers a vast research gap which shows that more research work has to be carried out in Africa to examine the factors affecting the adoption and implementation of IB in the region.

Even though all attempts were done during the search of literature folding four major databases indexing over 8000 journals in different academic fields, this review cannot be considered exhaustive due to the outlets for research publications on IB and the continuous increase in journals all over the world. The articles also inclusion of criteria centered on journals of peer- reviewed. Hence, the research studies were published in the proceedings of conference and outlets of other non-academic also contribute to the trends in research avoided from the analyses. However, we are confident that the aim of the library articles consulted and the findings that have emerged from the analysis is representative of the current research trends on IB in developing countries.