

Chapter II

Self Service Technologies in Retail Financial Sector

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INTRODUCTION

It has been recognized that enhancing the role of technology in a service organization would serve to reduce costs and improve service reliability. The new information technology is becoming an important factor in the future development of financial **services** industry, and especially **banking** industry. However, it is argued that there remains an important role for customized relationships in the delivery of any service proposition (Durkin *et al*, 2008). The developments information and communication technology have significantly contributed to the exponential growth and profits of the financial institutions worldwide. This evolution had transformed the way banks deliver their services, using technologies such as automated teller machines, phones, the Internet, credit cards, and electronic cash. For this reason and as the Internet becomes yet more pervasive in retail banking and the importance of self services perspectives through innovative technology in serving customers effectively is increasingly important for e-banking (Durkin *et al*, 2007). However, banks face a number of important questions on strategies for deriving full advantage of new technology opportunities and tracking electronic development changes affecting interactions with the customers.

In general terms, increasing convenience is a way of raising consumers' surplus provided new technology is adopted by the banks in order to offer convenience to the customers may be through an electronic transaction as a substitute for a trip to the branch. The technology based services imply different combinations of accessibility attributes (time, distance, and search costs), ease of use and price. Another factor in determining the magnitude of the surplus that the bank can seize is the relative importance of cross-selling. The bundle of services provided electronically is usually not the same as the one available at a branch. For this reason new technology based banking services with high customer value may offer better service conditions to harmonize the flow of information and services across the spatial and temporal dimensions. The growth in online or e-banking has resulted in customers interacting with their banks through remote technological channels to a greater extent. However, there is much variation in online banking registration and adoption levels and little is understood about actual customer motivators and perceived barriers to registration for online banking services. It has been observed that convenience offering 24-hour banking access and reassurance about security are the most important considerations for customers in registering for e-banking (Durkin, 2007).

Self service technologies introduced in retail banking have the ability to function as a secured business medium. A large number of customers use the Internet, as a medium of business (electronic-commerce). Association of self service technologies with customers indicate that six attributes common to the diffusion model including perceived convenience and financial benefits, risk, previous use of the telephone for a similar purpose, self-efficacy, and Internet use, play a significant role in the performance of retail banking operations (Eastin, 2002). It can be state that banks adopting information technology based capital-intensive techniques are more efficient as both cost and profit frontier gain competitive advantage in the financial markets (Casolaro and Gobby, 2007).

The following sections of the paper will critically examine the available recent literature on this subject and present strategies for enhancing contribution of various attributes related to technology and customer value in banking services. The common services enhanced through new technology include brokerage and asset management services, personal banking services, checking accounts, and services bills collections, which are standardized and homogenized across branches of the banks. The rationale of shifting conventional practices to technology based operations, its implications on customer value and performance of banking institutions are also argued in the paper. This paper also discusses managerial implications on converging self service technologies with the customer value and business performance in retail banking.

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