

## Chapter 9

# The Role of Internet Banking in the Presentation and Marketing of Financial Services and Products in a Digital Environment

**Berrin Arzu Eren**  
*Ufuk University, Turkey*

### ABSTRACT

*This study aims to reveal the advantages and disadvantages offered by internet banking to financial institutions and their customers as well as the reasons why customers use/do not use internet banking. For this purpose, customers' perspectives on internet banking are presented to the reader in the past and present by statistics. This research points out that many customers of the bank around the world still do not use the internet. Hence, internet banking is not an option. Therefore, in this study, suggestions are made to enable the use of internet banking by the wider masses. In addition to internet banking, technological developments and digital innovations in the banking sector are mentioned in the chapter, and the evolution of internet banking is pointed out.*

### INTRODUCTION

In spite of many economic crises in the world for the last 20 years, the competition in the global banking sector is taking a different dimension with each passing day. With the use of information and communication technologies transferred from developed countries by developing countries, many banking transactions are now offered to customers through alternative distribution channels in addition to branches. As an alternative to branch banking, by the agency of ATMs, telephone banking and finally internet banking it possible to carry out almost all transactions without withdrawing money. Internet banking

DOI: 10.4018/978-1-7998-5171-4.ch009

enables customers to perform their financial activities in virtual environments by using technological developments in the field of internet. In addition to providing services via internet banking, banks also carry out marketing activities for their new products.

Internet banking was first used in the USA in 1995 and started to be used in many countries in the following 5 years. The fact that the developments in technology coincided with the same period encouraged banks to carry the financial products and services offered through their branches and employees to alternative distribution channels that are much less costly for themselves and their customers. In the 2000s, with appropriate legal arrangements and economic environment the most important share, along with ATM and telephone banking, was taken over by internet banking in order to ensure customer satisfaction and loyalty consistently. Today, almost all banks operating in developed and developing countries offer internet banking services to their customers. Despite the advances in information technology, customers still hesitate towards internet banking. Although strong measures have been taken to ensure the security of personal data, customers' hesitation persist because of security gaps in the internet environment and negative media news about this issue.

Today, most of the banks that provide services offer most of their financial services and products to their customers via internet banking for free or at low fees. At this point, internet banking has become an important market for banks. Aware of the fact that the future cannot be sustained without technology, banks continue to carry out advertising campaigns on this issue in order to get a larger share of the cake. As the number of customers using internet banking increases, customer complaints and customer dissatisfaction in banks will decrease and transaction costs of banks will be reduced, and profitability will be positively contributed. Therefore, the use of internet banking to reach the desired level will result in win-win results for both customers and banks. Also, to earn extra time is quite valuable for the modern customer.

In this study, it is aimed to present the new developments and trends in the sector to the readers in comparison with the data in the world as well as the benefits provided by the use of internet banking to the banks and customers providing financial services. In addition, the reasons why customers do not prefer internet banking have been put forward and suggestions have been made to banks that enable customers' to use more of internet banking. For this purpose, the following questions are studied:

- What is the current state of internet banking using in the world? How is the customers' approach to internet banking?
- What are the advantages and disadvantages of using internet banking for customers and banks?
- What are the opportunities and threats offered by Internet banking to customers and banks?
- What is the contribution of internet banking to the satisfaction and loyalty of bank customers?
- How can internet banking usage rates of customers be increased in favor of both customers and banks?

## **ORGANIZATION BACKGROUND**

### **Digitalization in the World and Banking Sector**

With the introduction of the internet to almost every part of the world since the 2000s, the internet has become a part of daily life in every age group. While the world population was 6.9 billion people and the

20 more pages are available in the full version of this document, which may be purchased using the "Add to Cart" button on the publisher's webpage:  
[www.igi-global.com/chapter/the-role-of-internet-banking-in-the-presentation-and-marketing-of-financial-services-and-products-in-a-digital-environment/255057](http://www.igi-global.com/chapter/the-role-of-internet-banking-in-the-presentation-and-marketing-of-financial-services-and-products-in-a-digital-environment/255057)

## Related Content

---

### Ethical Consumerism and Effectiveness From a Cause-Related Marketing (CRM) Perspective

Soney Mathews and Suja R. Nair (2020). *Handbook of Research on Contemporary Consumerism* (pp. 134-153).

[www.irma-international.org/chapter/ethical-consumerism-and-effectiveness-from-a-cause-related-marketing-crm-perspective/238538](http://www.irma-international.org/chapter/ethical-consumerism-and-effectiveness-from-a-cause-related-marketing-crm-perspective/238538)

### Just a Group of Oil Ladies: The Fandom Phenomena of Essential Oil Users

Alicia S. De la Pena (2020). *Handbook of Research on the Impact of Fandom in Society and Consumerism* (pp. 127-148).

[www.irma-international.org/chapter/just-a-group-of-oil-ladies/237688](http://www.irma-international.org/chapter/just-a-group-of-oil-ladies/237688)

### Service Quality and WOM (Word-of-Mouth): A Study of the Indian Banking Sector

Koushiki Choudhury (2013). *Managing Customer Trust, Satisfaction, and Loyalty through Information Communication Technologies* (pp. 153-177).

[www.irma-international.org/chapter/service-quality-wom-word-mouth/74554](http://www.irma-international.org/chapter/service-quality-wom-word-mouth/74554)

### The Dark Side of Brand-Fan Relationships: Lessons From Twilight and Fifty Shades

Margo Buchanan-Oliver, Hope Jensen Schau and Alexander Schau (2020). *Handbook of Research on the Impact of Fandom in Society and Consumerism* (pp. 441-459).

[www.irma-international.org/chapter/the-dark-side-of-brand-fan-relationships/237703](http://www.irma-international.org/chapter/the-dark-side-of-brand-fan-relationships/237703)

### Handling Customer Complaints in the Hospitality Industry

Rosalynn Dinnen and Ahmed Hassanien (2013). *Managing Customer Trust, Satisfaction, and Loyalty through Information Communication Technologies* (pp. 68-90).

[www.irma-international.org/chapter/handling-customer-complaints-hospitality-industry/74549](http://www.irma-international.org/chapter/handling-customer-complaints-hospitality-industry/74549)