



March 2005

No. 13

# E-Banking *snapshot*



## Five online banking trends in 2005

1. **Security** stays of major importance to online consumers. This is understandable but also a very general insight. Firms with online activities will therefore have to deal with the matter in a more differentiated way. Those who are concerned about security have identified as the most dangerous threats, first, the lack of staff awareness and, second, viruses, Trojan horses, and worms.

This holds for all sectors. The financial industry, however, is particularly sensitive to the topic. The fear of a lack of security is a higher hurdle to those internet users who do not use online banking than missing monetary incentives or insufficient comfort or functionality.

2. **Customer retention** becomes ever more important. Research shows that the more services of his or her bank the customer uses, the higher the real and psychological switching costs will be. Also: the more services the customer uses, the greater are the bank's expected profits. Customer loyalty, therefore, gains importance over customer acquisition, and the value of customer relationship management becomes apparent.
3. **Technological progress** will give a boost to existing online banking services and devices. Their quality will improve. Ever faster and more powerful chips and the widespread use of broadband internet access make online banking more comfortable for more and more people without necessarily triggering the emergence of completely new devices and inventions.
4. Some players will take a second stab at **mobile banking**. Increasingly faster transmission via GPRS or UMTS feed the vision that mobile banking merits another attempt – in spite of the GSM failure. Indeed, many advantages can be thought of. SMS alerts can disburden more expensive channels (e.g. contact centres). Also, useful information can be transmitted to the client, and increase customer loyalty at low cost. Still, a comprehensive business case in transaction banking and brokerage with cost covering revenues is currently not in sight.
5. **Online research grows**. An increasing number of visitors of bank websites do considerable research before making financial decisions. They shop around for financial products, and make their own investment decisions – in part without consultants. Though the chart shown here refers to US customers, we observe a similar trend in Europe: Researching via the internet is gaining importance in online banking.

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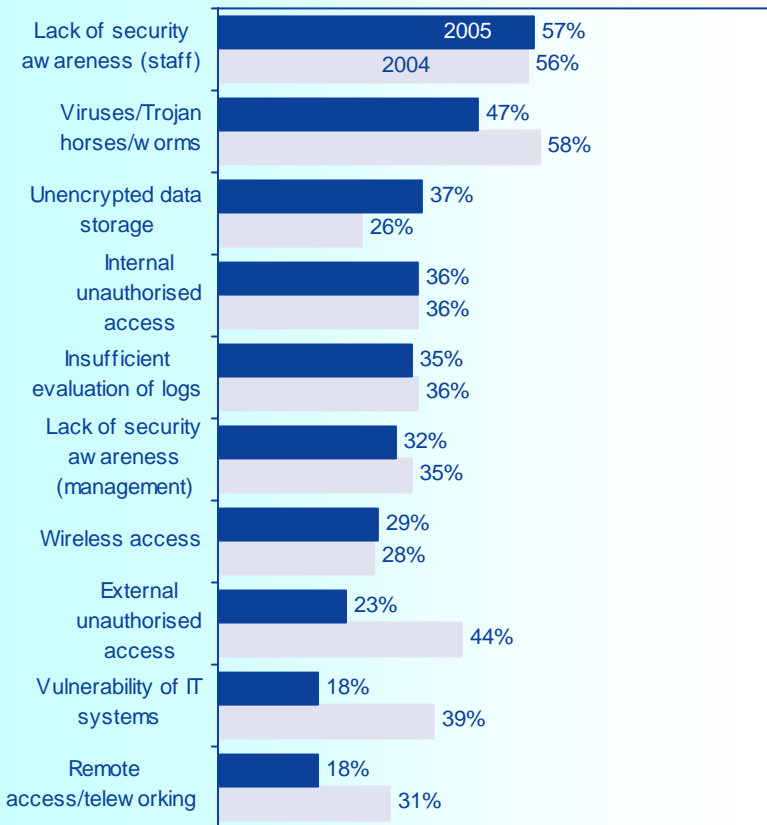
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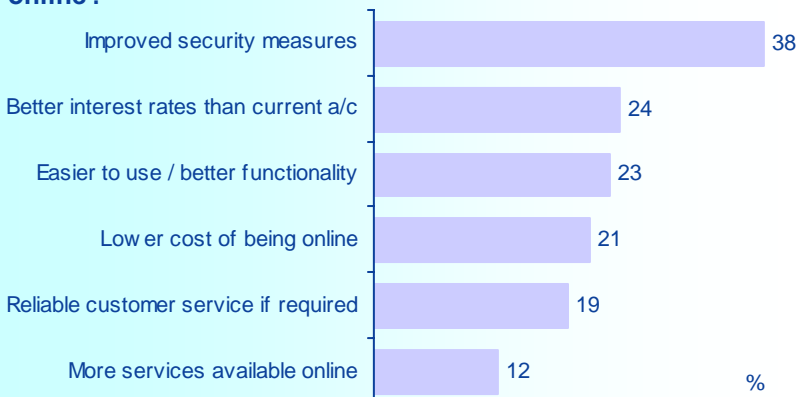
**To what extent do the following security aspects apply to your company?**



Base: n=84; top-2-box; Respondents who rank security one of the top 3 IT issues  
 \*Top-2-box-values "1" and "2" on a scale from "agree completely" (1) to "agree not at all" (6)  
 Source: Cap Gemini, 2005

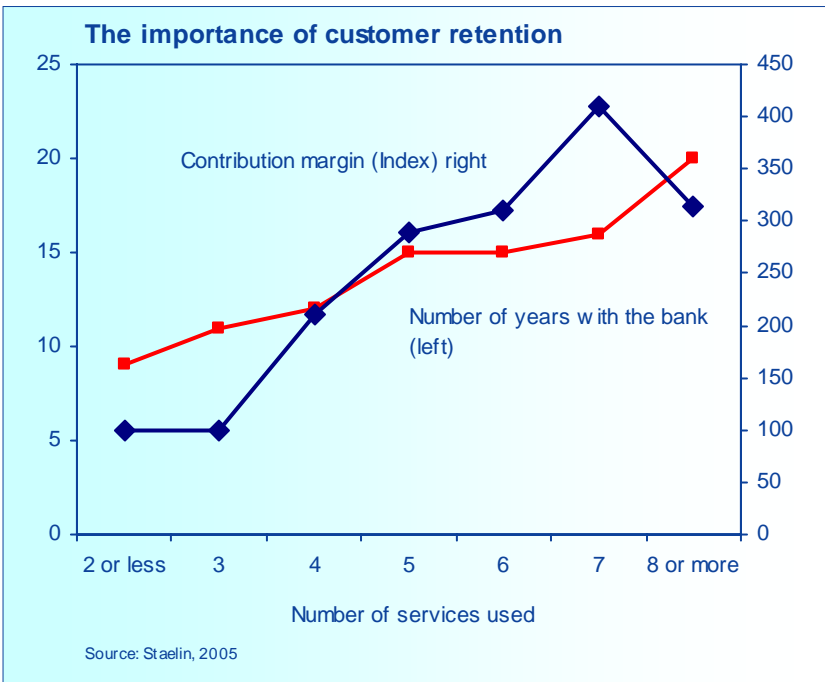
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**Which, if any, of the following would encourage you to bank online?**

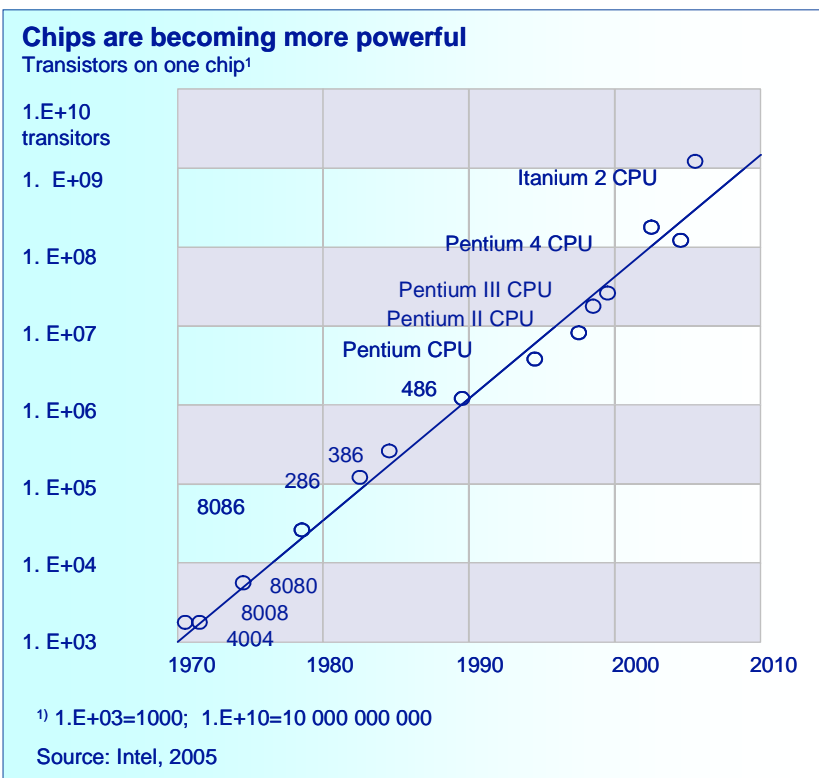


Base: All internet users who do not bank online (666)  
 Source: RSA Security / MORI, May 2003

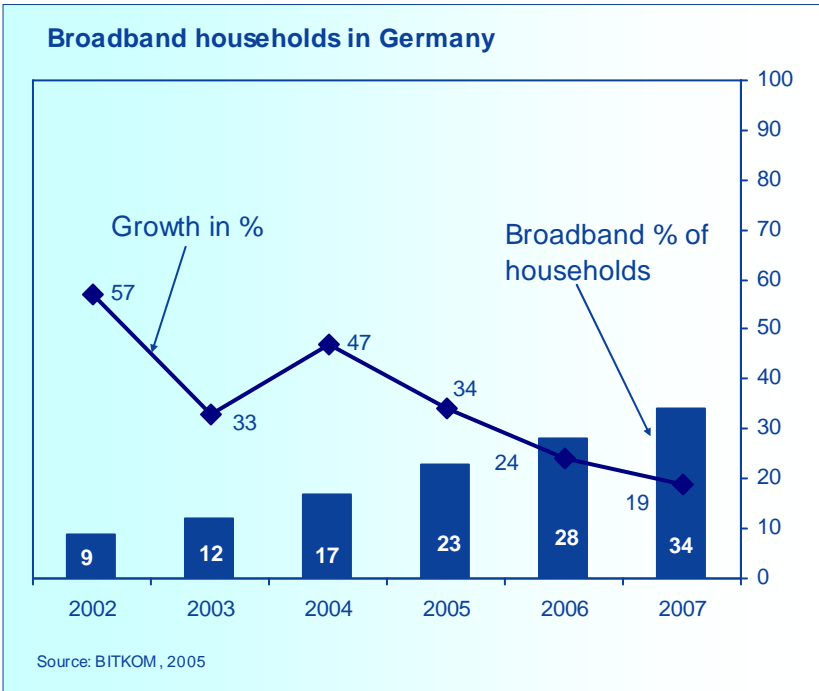
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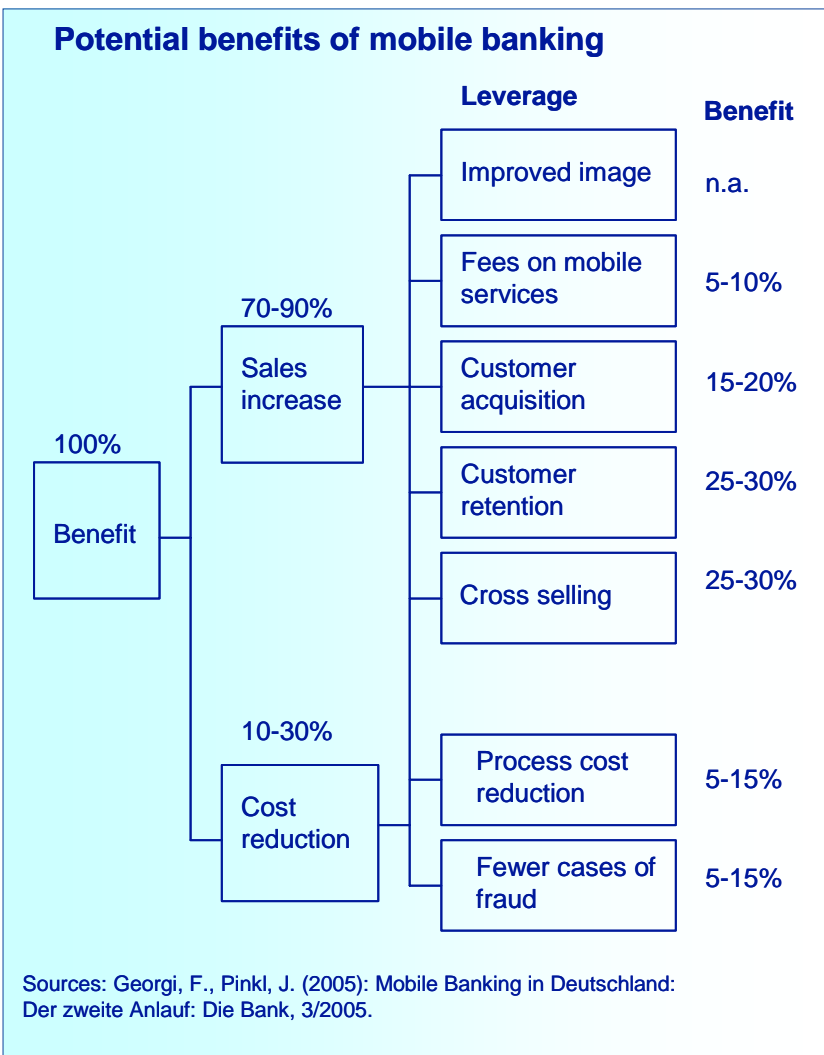
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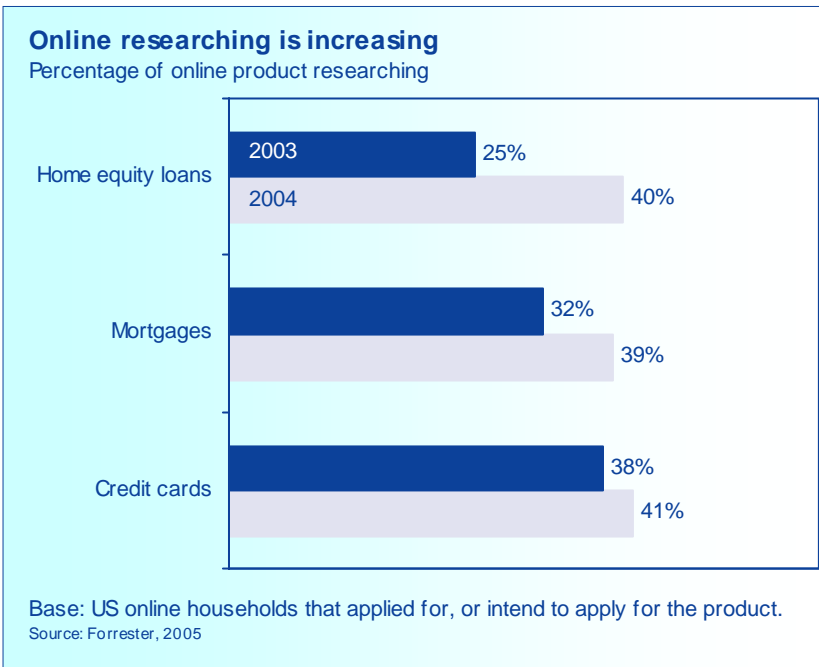
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ISSN Internet: 1619-4829 / ISSN E-mail: 1619-6465

