The effect of e-banking on bank customers’ deposits

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Abstract

The phenomenon of electronic banking is one of the achievements of e-commerce. Banking has received an essential role in e-commerce with the growing increase of e-commerce in the world and the need of business to carry out banking operations to transfer financial resources. Generally, electronic banking refers to providing banking services including transferring resources through a public and available communications network. Modern organizations are in a complex global competitive environment which is due to environmental, organizational, and information technology changes. The Internet has changed the nature of organizations’ work; hence, correct and appropriate use of information technology and the Internet in the field of financial transactions has greatly reduced financial costs in addition to facilitating these exchanges. Given the importance and necessity of electronic banking, the present research investigates the effect of electronic banking on bank customers’ deposits. To this end, descriptive and analytical methods (library, national and international journals, high-quality international articles, Azad University, PNU, etc.) were used. Electronic banking has a high security level and such a high security has an effective role in people's attitudes towards electronic banking and can have a positive effect on banks customers’ deposits. Respondents having a positive attitude towards electronic banking is convenient which enhances their willingness and motivation to increase bank deposits. There is a significant relationship between the available features of e-commerce market and the amount of individuals’ deposits. In fact, individuals’

Bank deposits increase by improving and increasing opportunities for e-commerce in market. Electronic banking has many advantages and these advantages have been effective in increasing the deposits of customers and depositors while disadvantages can influence the amount of individuals’ deposits.

Keywords: the impact of electronic banking, customers’ deposit, e-commerce.
**Introduction:**

Today’s society expects the banking system to move in parallel with economic and social progress along with attracting deposits and allocating them to useful economical activities. Banks, as institutions providing services, are required to serve effectively in meeting the expectations and needs of the customers and take steps to harmonize themselves with the needs of society. Information technology provide the background for improving performance and innovative services through facilitating communication with customers and increasing its speed and effectiveness. One of such most important services is providing service and information through electronic channels. Internet has changed methods of providing products and services to customers in organizations. The emergence of web business models has provided numerous opportunities for companies by which simultaneously eliminates restrictions on meeting customer expectations, speed, and the ability to compare prices. Nowadays, the global market has turned improving services and the competition of businesses with each into a necessity regardless of their size. Competitive pressures of markets and new consumers will force firms to join electronic markets whether they like it or not. Technology plays its role as a lever to strengthen the added value of a product in manufacturing. In the service sector, technology has a different role used as a unique tool for improving the effectiveness and efficiency of the business and increasing deposits. Profound changes in the economic relations between individuals, companies and governments are among the aspects of developments in the new century. Business trades quickly changed from their traditional mode, which were mainly based on the exchange of paper documents, to transactions occurring through the use of electronic information-based systems. As a result, e-commerce opened a new field of business processes by increasing speed, efficiency, productivity and reducing business costs. Based on estimates taken from approximately seven billion dollars worth of global exports of goods and services, five hundred billion dollars is spent on preparing and exchanging documents. In Iran, e-commerce and electronic services are not only unfamiliar concepts for Iranian people by the increasing use of personal computers in homes and workplaces and the expanding the use of the Internet, but also potential needs in the field of electronic banking services are created (Nazari, 2008, p. 20).

Today, organizations cannot survive without innovations and the need for a change in departments such as human resources, infrastructure, technology, etc. is undeniable. To create sustainable, logical and constructive development, the organization should change into a transformational organization. Transformational organization evolves over time, changes its activities. Such an organization improves its practices through awareness-raising and better understanding (Nicknia, 2008, pp.1-2). Today, great developments have occurred in the fields of business, banking management, and e-banking with increasing globalization and competition era and therefore the modern methods have replaced traditional ones. No doubt, in such circumstances, progressive and innovative organizations must be equipped with the most advanced information technologies and construction techniques to meet future changes in technology and infrastructure. The banking system is no exception and providing services to customers in the world and Iran has dramatically changed with the emergence of the phenomenon of electronic banking. Statistical analysis shows that electronic banking growth
is non-linear and receiving an unprecedented mutation used to improve services. There is no doubt that in the near future no room is left for paper activities with advanced electronic banking systems (Hasani, 2007). Therefore with a with a reforming view of modern banking services, we can push the strategic information of Iran’s banking system to a side where they are first associated with global developments and changes. Secondly, such a capacity is created in terms of organic and institutional aspects in the scientific, cultural and human resources of banks to adapt quickly to new conditions.

In strategic information of modern technology, the banking system should consider a security reform of all monetary transaction structures and elements and banking structures in the country to provide the system with the best tools and services to optimize the work flow (Parto Journal, No. 27, p. 42). Electronic banking can be viewed as using advanced technology networks, telecommunication networks, and telecommunication for source transmission (money) in the banking system. Many communication electronic devices including mobile communications, phones, PCs, laptops, ATMs and PoS devices play an important role to complete the process of electronic banking in the light of information, communication and data transaction (Soheil & Shan Maugham, 2003). The use of this technology develops trade, facilitates economic relationships, empowers small and medium enterprises, improves productivity, reduces costs and saves time. ICT increases the competitiveness of firms and also leads to the creation of new jobs. Electronic banking is one of these services; hence, its

impact on bank performance and attracting deposits as one of the management activities and approaches should be investigated to be used optimally. This article made an attempt to present electronic banking characteristics and factors as well as its concepts and definitions and the effect of each one on bank deposits was evaluated.

Significance of the study:

There are increasingly rapid changes in the monetary and banking institutions and their relationship with advanced electronic systems and there is an intense competition for more market share among banks (both public and private). Therefore, enhancing bank performance and increasing bank customers’ deposits via electronic banking can be considered as an advantage and we should coordinate our knowledge with the latest developments to improve our banking services (Parto Journal, No. 7, p. 8).

Although the use of electronic banking has increased in the last decade in our country, different groups of people are still unfamiliar with uses and benefits of electronic banking. Hence, this research aims take a big step forward to the greater use of this new technology by enumerating the components of electronic banking and its impact on the banking deposits for banks and customers. In developed countries, the negotiations between buyer and seller, purchase order, providing insurance, money transfers, transportation and customs clearance are electronically supported and money transfers are electronic and goods are transported by electronic requests. In this regard, e-banking is a basis which means we can view e-banking as the use of advanced communications networks technology to transfer funds in the banking system. In the meantime, the important point is that despite the challenges electronic banking faces for its development, it can facilitate commercial and financial affairs for all stakeholders
as a very effective and undeniable phenomenon. Thus, in e-banking reducing bank costs is concerned on the one hand and bank earnings growth through various services is emphasized on the other hand. Also, electronic banking is essential to keep the Bank’s position or gain its fame, respond to bank customers, cost savings, attract new customers and create more value for customers (Rashidi, 2008, pp. 12-13).

Research background:
Bayati (2005) conducted a study entitled “providing a framework for electronic services to customers in a designated bank”. In this study, he first determined the aspects of making basic bank services electronic with a process-based attitude and then identified electronic making factors. Next, he identified electronic maturation stages. After the development of this framework, its accuracy was examined electronic processes and their optimal levels were assessed in Parsian Bank. Abdy et al. (2010) did a study on the effect of new banking technologies on organizational agility: a case study of National Bank in the city of Sanandaj and found that agility is a new paradigm in the management of organizations presented to benefit from changes in the environment and meet the needs of customers.

Nahavandi et al. (2008) in a study entitled “determining outsourcing strategy of information technology in Iran banks” found that choosing the right strategy for providing IT service is one of the influential decisions of organizations’ managers. Along with the rapid changes in information technology and the growth of the Internet and e-commerce, banks require to use knowledge and facilities and increase resources outside the bank. Through studying the IT market in Iran and also targeting banks, this paper determined criteria, sub-criteria and suitable options for Iran’s situation for outsourcing information technology and providing its hierarchical model. Hierarchical model was proposed and practiced in one of Iran's banks and paired comparisons were run by the banks senior managers’ opinions and AHP method and IT enterprises were established by the bank as the appropriate strategy. Prausd and Harker (1997) stated that investment in banks' IT systems were not effective on banks’ productivity but information systems’ labor costs have a positive impact on the productivity of banks. Koopman et al (2002) did a study on the use of ATM and reported that ATMs at first reduced banks’ productivity because of the costs of training and information programs to customers, but once the technology was fully and effectively used productivity increased from 3% to 17%. Kasvlarv and Gobi (2003) conducted a study on the number of ATM to the number of branches per bank in Italian banks and found that the number of ATMs had increased with more number of banks.

Takmara (2003) investigated investments in information systems in Japan and realized that banks’ technical performance had increased, but the rate of increasing performance was declining. Damar's (2004) asserted that creating related ATM networks has a positive effect on bank performance. Sylvester (2005) investigated American banks and found that investing on IT systems and increased banks efficiency, but improving cost performance is relatively lower that profit performance. Bchaly (2003) investigated European banks and reported that the different categories of investments on information technology have heterogeneous effects on the banks’ performance so that hardware and software investments have a negative effect on the profitability of banks. Holden and Albani (2004) conducted a study in Britain and concluded
that the ATMs installed by banks positively affect banks’ profitability by reducing transaction costs. Siam (2006) studied banks of Sudan and realized that e-banking services in the short term have a negative effect on the profitability of banks and this negative effect is due to banks’ investment in the field of infrastructure and staff training, but in the long run, these services will have a positive effect on the profitability of banks. Sohail and Shanmugam (2003) investigated the use of electronic banking and its trend in Malaysia in recent years. The analysis revealed that the rate of access to the Internet increases the knowledge on banking system. Electronics and consumer resistance to banking system change are the most important factors affecting banking in Malaysia. Li Yu Wu Chong (2002), studied customers’ views on usefulness and appropriateness of electronic banking system. Data show that accuracy, security, network speed and the ease of working with computers have the most important influence on the use of electronic banking or its performance.

**Literature review:**
Electronic banking is the use of informatics technology for the removal of two indicators of time and place in banking services. Electronic banking can be introduced as using advanced technology and telecommunication networks for the transfer of resources (money) in the banking system. Two basic concepts of forming electronic banking include electronic money and electronic transmission of resources (SeyedJavadein, 2005). Banking started centuries ago when its aims were different to the present time. In the last centuries, receiving loan interest and honest fees yielded a substantial profit. This prompted some people for competition and despite numerous problems to gain public confidence, the first private institutions started to attract people’s deposits. Soon these institutions could expand their activities from attracting deposits and lending their property and others to more services like transferring funds in the country, purchasing and selling of foreign currencies and in some cases creating a credit document. As a result, the first private banks were established which not only received nothing to maintain deposits but also paid a few percent for deposits as bonus and this led people to turn to the private banks.

This trend continued until the fundamental change occurred when currency changers realized they could give receipts to the borrower rather than paying cash. So, currency changers could provide receipts for people two or three times more their reserves in proportion to their credit and keep the real money as backup for a possible visit. Therefore with this creation, the professions of money exchange and banking were included among the highest paid jobs. After the domination of the church on people’s affairs, the profession faced a serious problem and largely fell from the boom because of church authorities’ serious crackdowns against loans with interest. During this period, Jews were the major operators of such centers since usury and interest from non-Jews were allowed according to their interpretation of Judaism.

At the end of the Crusades, Europeans became familiar with Muslim countries and Islamic culture and civilization and a new round of international trade and commerce formed between East and West and it was extremely important in the fourteenth and fifteenth century AD. Trade expansion, diversification of currencies, the problems of transporting coins, the need of merchants and craftsmen to funds were among the various factors that made essential
the revitalization of monetary and banking institutions. At the same time, the socio-political developments in Western societies were preparing the ground for these institutions. On the one hand, the emergence of new political thinking in the management of European countries reduced the influence of the church and church laws were weakened. On the other hand, influenced by social needs, some Christian leaders allowed usury and interest as always offered by lawyers and economists of the time, which provided the stage for the large-scale emergence of banks than the past, and thus a new generation of banking institutions was born. After that date, individuals and institutions led to the development of the banking industry by the introduction of modern methods of banking activities. Today, the banking system is an integral part of the economy especially the capitalist economy.

The e-banking process

Unlike banks in the Middle Ages that the only task of keeping valuable goods and goods in sturdy boxes and were tasked large banks today become a supplier of a wide variety of services to the community stores. Bank Services covers keeping money and valuable materials, transferring resources, giving loans, payment of salaries, trust services, etc. In fact, current banking has become the industry of information processing services. As noted, perhaps the oldest duty of banks is keeping money. Old banks were primarily depository institutions and had secure location to keep money, jewelry and other valuable items of customers. With the advent of cheque in 1865, the mentioned role was expanded to include tasks related to the clearinghouse. In this case, by calculation of the other bank balance, gold, money and coins were exchanged between the banks and some money was deducted from the cheques’ sums to cover transfer cost of resources from one bank to another. From 1913 onwards, the clearing house operations in some developed countries such as America was centralized which caused greater stability in the banking system due to reducing risks and removing deduction from the cheques’ sums.

In the early 1960s, another type of service was provided for the public named the credit card. After a short time, both cheque and credit cards were made automatic. However until then, high volumes of paper documents were produced; thus, the complex telecommunication technology was used as a solution to this problem. As a result, with the establishment of automatic clearing rooms that used electronic transfer system of sources, the structure of the banking system was once again experiencing major changes and, consequently, the method of payment and automated Teller machines quickly grew in the ’90s. With the widespread use of electronic transmission resources, banks changed from depository institutions that maintain their physical resources to processing centers and money changed from a physical concept to an untouchable concept. Money could be shown on a computer screen at any moment. On the other hand, money not only changed into electronic money, but cheque had the same fate and banks used electronic cheques by sending cheque images instead of physical cheques. Image technology was so sophisticated that banks could exchange data on payment orders between themselves without paper documents. Doing so, electronic exchange of data was used rather than processing paper documents.
Comparing traditional banking to electronic banking

In developed countries, the negotiations between buyer and seller, purchase order, providing insurance, money transfers, transportation and customs clearance are electronically supported. Electronic banking can be viewed as using advanced technology and communication networks for the transfer of funds in the banking system. In the meantime what is important is that despite the challenges ahead for development, electronic banking can be a very effective and undeniable phenomenon to facilitate commercial and financial affairs for all stakeholders. As you can see in the table below, features of traditional banking and modern banking are presented. The outstanding points here are active and futuristic features of electronic banking compared with traditional banking. Traditional banking prefers more to reduce the cost of the bank with a conservative view through various ways. However, electronic banking, while providing comprehensive banking services, provides development based on customer satisfaction and increases revenue based on providing services for customers to receive charge from them. Thus in e-banking, while reducing the cost of bank is concerned on the one hand, bank earnings growth through various services is emphasized on the other hand.

Major objectives of banking system automation project

- Reduction of administrative problems in the branches and head offices of banks and increase system performance
- Accelerate the implementation of the banking system and improve its quality
- Accurate and timely services to customers
- Providing the required ground to reduce cash transactions and money transfers
- Access to information when making decisions on monetary and banking policies
- Save time of employees and bank customers
- Reduce the physical movement of documents from branches
- Provide necessary coordination for communication with abroad banks
- Holistic design, information coverage and harmonize with other activities (Hasani, 2007)

The benefits of modern banking services from customer’s perspective

- Save time to get banking services
- The sharp decline in trips within the city for banking services
- Rapid access to funds or bank transfer documents
- High speed transfers of funds within the bank
- No need to carry cash
- No need to visit a branch
- Access to cash out of the branches all day long via ATM
- No need to pay cash when buying using the PoS
- Access to account information through electronic means (Hasani, 2007)

The benefits of modern banking services from bank’s perspective

- Reduce the number of visiting a branch
- The sharp decline in bank cash transactions
- Remove almost all bodies behind the counter, including accounting bodies
- The possibility of strengthening banks
- Branch staff ample opportunity for activities to attract new sources of revenue and expenditures
- Remove the mechanisms of account center and internal clearing
- The sharp decline in the issuance of physical documents
- The sharp decline in the number of moving documents between units
- Accurate and consistent control and reduce subjective behaviors through the methods presented by banks and customers
- The possibility of secret inspections
- The sharp decline in potential violations
- More opportunities for addressing managerial and strategic tasks
- Get instant access to the latest information and performance of the bank including the daily balance
- Full access to customer information at any time
- Instant access of Central bank and regulatory agencies to bank’s performance data
- Quick settlement between banks
- Providing services for exchange transactions between the bank card by connecting to the information exchange center
- High speed in creating and introducing new banking products
- Sturdy and reliable technology infrastructure to operate and offer new banking services (Hasani, 2007)

Strategic reasons for the use of electronic banking

It is widely accepted that new service will be set for commercial reasons and only very few new products and services are set up in order to increase profits at the operational levels. These services, for example, can be used to complement existing products to use more of the resources to improve the company's image or to move towards new markets.

Electronic data interchange

Electronic data interchange is a method that replaces paper transactions and messages with electronic transactions and messages. Electronic transmission is used for electronic exchange of documents such as purchase orders, invoices, shipping notices, acknowledgment of receipt of merchandise and other commercial communication between business partners directly through the computer network. Usually, banks and financial institutions perform payment processes through the electronic exchange

of data and change the payment documents into a standard format and framework using especial softwares and perform the exchange in the form of an international protocol. Thus, electronic data interchange is a good example of an electronic commerce process. Electronic information exchange protocols standard was created in the early 80s but their main use was a developed significantly in the mid 90s. In 2000, only about 44,000 companies in the United
States of America and more than 4000 companies in Europe were using electronic data interchange systems. The three main components to send and receive electronic data interchange messages include:

- Electronic data interchange standards
- Electronic data interchange software
- Third-party networks to communicate

**Electronic data interchange in the banking system**

Electronic data interchange in the banking system refers to the electronic transmission of information that is now widely used in electronic trade under the laws of EDI FACT (the standards developed by the United Nations). Today, bank clients extensively need electronic transfer systems of financial information because they can better manage their receivable accounts and compare credit notices with their receives. They can reduce correcting problems and overlaps in their accounts and immediately invest the resources that acquire. Also, they can qualitatively expand mistakes in re-entering their received information.

**Benefits and features of using electronic funds transfer**

**a. Security:**
Studies have shown that payments made through electronic transfer systems, have higher security than traditional payments because electronic funds transfer systems are designed in a way that highly reduce the likelihood of robbery, theft, loss, lack of transportation, etc.

**b. Ease and simplicity**
Electronic funds transfer mechanism is much simpler and easier for customers than traditional systems since direct payment is done in this system with a digital signature and there is no need for physical presence of the user (customer) in the bank or financial institution.

**c. Low cost**
The cost of electronic funds transfer system is much lower compared to the traditional system of funds transfer. There are savings in the cost of transferring funds for the sender, receiver and the bank (financial institution). Electronic funds transfer systems in banks reduce costs by saving paper and printing, advertising, personnel and time required to provide billing and other external costs. Also, there are savings in the costs of issuance costs, the transmitter and receiver of cheque, traveling, spending time and posting.

**d. Reduce human error**
One of the major problems of traditional payment systems is multiple human error in performing and processing payments as information are not entered interactively in the processing process. With regard to these problems, electronic funds transfer system eliminates rework and design control procedures to largely reduce human errors.
e. **Productivity and Efficiency**
Electronic funds transfer systems, increases productivity and efficiency in banking operations to a large extent and create better opportunities for planning and control activities in the banking system.

f. **Improve relations with customers**
The use of electronic funds transfer system improves the relationships between companies, institutions and banks with their customers. As increasing efficiency, high speed, reducing errors and lower cost encourage customers to communicate more with organizations and institutions that use electronic funds transfer systems (Ghasemi, 2008, pp.28-29.).

**Electronic payment systems**
When it comes to electronic payment systems, we mean the banking payment mechanism. In other words, the especial mechanisms and legal instruments designed for the obligation to pay a certain sum of money. With advances in information and communication technology, the payment tools have also changed. Nowadays, the most important electronic payment tools include credit cards, electronic cash, electronic cheque and micro-payment system that we each explain in the following.

**Credit cards**
One of the tools of electronic funds transfer, which is particularly important in e-commerce, is banking card used to pay instead of cash. Credit cards are means of payment and exchange and involve plastic or paper cards provided for customers by the issuer (banks, financial institutions, etc.). In general, bank cards can be as seen as an electronic card that provided for the applicant based on special technical principles and safety issues and the owner can use the card to transfer funds or credit to his own account or transfer to another account through the ATM or point of sale. Cards as a means of funding to accelerate new product and services are common in the two types of paper (cardboard) and plastic. When credit card were made electronic and used in computer terminals at the point of sale in 1983, in-store credit card provider identification and detailed information of the card balance was provided from credit line. The expansion of electronic commerce created new requirements regarding credit cards. The new requirements resulted in new credit cards called smart cards.

**The benefits of using credit cards**
Credit cards have obvious and invisible benefits presented here in brief.
1. Credit cards increase speed and reduce the time of transfer from one point to another.
2. The use of credit cards prevents cash transfers.
3. The use of credit card instead of money increases security against theft and loss of cash.
4. A considerable amount of money is annually spent on printing money and its related facilities and using cards reduce the cost of printing banknotes.
5. Using the card provides instant access to funds in any geographical point.
6. Using cards meets the daily needs of people.
7. Credit cards create social value for individuals.
8. Credit cards reduce in city travels receive and pay money in banks and therefore reduce the individual and social costs.
9. Prevalence of using card banks encourages electronic banking and bank operations will be out of paper-based system.
10. Cards make access to money easy and facilitate the payment and receipt of cash.
11. The system of exchange controls can be improved through the development of international cards.

E-money
The development of information technology and its expansion to provide financial services has led to various forms of cash in different formats as electronic cash, electronic money, electronic wallet and digital coins. The shapes and forms of money which have more speed and are associated with information and other services have become more diverse. The success of e-money or valuable electronic coded signs will be positioned in the future.
Electronic money is known by different names including electronic cash, digital money, electronic money, money based on information and intangible money. Identity of electronic money structurally refers to bits in the computer memory which have an equal value to the cash value. Such as credit cards, electronic money and electronic cheque do not just contain financial information but also have the feature of real money. Electronic is a way used for computer and Internet payments. In this way, a person can transfer a number from one computer to another and receive his product or service and these numbers indicate the person's real money as a code.

Roles and functions of electronic money
- Electronic money holds value as digital data without depending on a bank account.
- Electronic money can transfer value to others through the transfer of digital information.
- Electronic money is very convenient for remote payments particularly in public networks (e.g. communication networks and the Internet).
- In some cases, electronic money does not need third parties to monitor and confirm a transaction.
- Electronic money is appropriate to pay for small amounts (low-value).

The concept of electronic funds transfer
There are several ways to pay which can be divided into three types of payment methods in terms of procedure:
1. Pay through barter or commodity that is not considered so much now
2. Cash payment done by transfer of notes and coins
3. Payment or transfer of funds through banking and financial institutions mechanism

The concept of customer
Customers are people or operations that consume the product or the results of a performance or need them and benefit from them because each performance has a goal in an organization. The customer is the one who defines his needs and consume the provided goods
and services and is willing to pay for them. Customers may be members of an organization or people of a different unit within their organization (Ghasemi, 2008).

In general, customers are divided into two categories of external and internal customers. External customers are outside the organization and purchase products or services from the organization. Beside foreign customers, we also have domestic institutional customers that are equally important to external customers.

**Customer-oriented approach**

Peter Ducker presented the best and most comprehensive definition of commerce and customer. He asserted that if we want to know the business concept, we should start from the aim. There is only one valid definition of business purpose. It is the customer who determines what business is. The determining factor is what the customer buys or receives or considers as a value. The customer is the base of trade and survives it and creates employment.

**Customer needs and expectations**

The first step of surpassing customer satisfaction is meeting the expectations and our consistent customer satisfaction is the ultimate goal and customer satisfaction is a perfect harmony between expectations and reality. Kaplal and Nortol consider customer perspective as the most important perspective in measuring organization performance and Peters and Waterman stated that knowing the customer needs is among the characteristics of successful organizations. In Sitman’s view, evaluating and the quality of customer satisfaction and loyalty are considered as the most important indicators of organization health.

**Customer perceptions**

Perceptions and ideas of customers have a direct relationship with their consent. Customers’ impressions and perceptions can be different depending on particular circumstances and objectives of each organization. But in general, they can be placed in four groups.

1. Public perceptions and imaginations of customers: It mostly refers to accessibility, communication channels, flexibility, positive and active attitude and performance, show on time response and sensitivity.
2. Perceptions and consumer perceptions of products and services: Perceptions and customer perceptions of product/service are more known and tangible and generally refer to quality, price, on time delivery, reliability, creative and innovative design, and safety and environmental aspects.
3. Customer perceptions and assumptions of support at the time of sale and after-sales: Customer perceptions and assumptions of support at the time of sale and after-sales services generally include abilities and behavior of personnel in sales and after-sales services, providing information, necessary supports, offering catalog and technical documentation and handling customer complaints.
4. Customer loyalty: Having loyal customers is one of the greatest privileges of an organization. Indicators through which an organization ensures the level of customer loyalty involve the duration of the customer relationship, the effective advice and useful recommendations, degree and period of customer orders, fluctuations in the
The benefits of electronic banking
The benefits of electronic banking can be considered in two terms of customers and financial institutions. Customers’ aspect refers to saving costs, time and access to multiple channels for banking operations. Financial institutions’ aspect refers to creating and enhancing the reputation of banks in providing innovation, customer retention despite the spatial variation of the banks, creating the opportunity to search for new customers in target markets, expanding the geographical scope of activity and the emergence of perfect competition conditions. According to research by Data Monitor firm, the main advantages of electronic banking are: Focus on new distribution channels, provide improved services to customers and using e-commerce strategies.

The benefits of electronic banking can also be studied in short, medium and long-term perspectives. Equal competition, keeping and attracting customers are among the short-term benefits of e-banking (less than one year). In the medium-term (less than 18 months), electronic banking advantages include integrating multiple channels, information management, extensive range of customers, directing customers to the appropriate channels with the desired properties and reducing costs. Finally, reducing the cost of processing transactions, serving customers in the target market and generating revenues are the long-term benefits of electronic banking.

According to research by Data Monitor firm (banking information analysis center in Europe), the number of users of electronic banking systems in eight countries of France, Germany, Netherlands, Spain, Sweden, Switzerland and the United Kingdom reached from 4.5 million in 1999 to about 22 million in 2004. In 2005, more than 75 percent of active firms in developed countries used at least one of e-banking services.

Conclusion and Recommendations:
Electronic banking is one of the new forms of electronic e-banking system that provide at least more than 100 kinds of modern banking services to institutional and private customers and this process is constantly increasing due to fundamental changes in the hardware and software system. In Iran, the banking system is also updated due to the expansion and diversification of banking services and this orientation is increasingly developing in the system of public and private banks. Perhaps in addition to providing banking services, attracting deposits, which constitute the main source of banks’ credit and investment, is very important. Increasing customer deposits is the central goal of banks’ activities, policies and programs of information raising and services. Electronic banking is one of the reliable methods and approaches to create a dynamic platform for customer deposits and banking requirements of customers are fulfilled through a variety of methods. Several studies have shown that the amount of bank deposits mainly depend on factors such as system security, updating bank interactions, using hardware and software facilities in interactions, breadth of the market, the effect of the e-banking system on reducing time, increasing the services and facilities of the banking system and between individuals and legal persons. The following points should be noticed in the level of customer deposits:
1. The deposit condition has been accelerated after the establishment and maintenance of electronic banking at Banks compared to the same period before the implementation of e-banking.

2. Measuring the transactions of subjects directly involved in bank and e-banking and also old and prestigious customers has shown that interaction and exchange of money between banks and customers are more likely done with interest and investments to increases bank deposits depending on:
   - The higher security of electronic and banking system
   - Fulfilling the motivations of customers
   - Providing facilities and new services available in the market
   - The positive feeling of customers regarding the advantages of interacting with e-banking in comparison with traditional methods

3. In addition to this, the effects of variables suggests that:
   a. Security of deposits, customers’ secrets, immediate refunding of deposits, ensuring control on hackers, functionality of bank hardware and software and e-banking laws and regulations are covered in this study which could suggest the positive effect of e-banking on the amount of customer deposits.
   b. This study emphasizes depositors’ views on the official status of bank, depositors’ believing in electronic banking, depositors’ inclination in bilateral cooperation with banks, successful experiences of banking transactions, socio-economic status of the customer’s to the bank and the increasing motivation of customers to deposit.
   c. Also, there are important factors such as widespread availability of multi-use ATMs, feasibility of electronic facilities in banking transactions, expanding monetary barter transactions in the market, establishing the system of maintenance of electronic systems in the vicinity of the market, the presence of counter banking transactions in geographical locations, the suitable presence of IT and ICT facilities in the field of business.
   d. The last benefits mentioned in this study include conservation of monetary resources of traders and merchants, instant and easy access to deposits, the productivity of capital in the purchase of virtual currency and foreign exchange, group interactions and transactions among individuals and legal persons, high speed transactions and time reduction, money and banking transactions, adjusted savings to the benefit of economies, improve efficiency, security and mutual confidence in the banking system and the selection of transaction parties and the system of deductions.

In this study, we tried to present the benefits of e-banking by presenting a definition of e-banking and e-payment and e-money payment and e-commerce in Iran. As a result, e-banking has improved the speed and security of transferring money via the Internet and other computer networks.

The current study also presents the following recommendations:
   - We should increase the current security level through computer expertise and electronic experiences of banking systems to give them a more secure feeling of electronic banking system.
We have to improve the motivation and willingness level of customers to electronic banking system through allocation of bank loans, loans with low interest, taking banking awards into account and validating all the bank's current customer interactions.

Modern ICT and IT facilities should be provided for the banking system.

Market areas, business centers and terminals need to be equipped with electronic banking.

Customers should be informed of e-banking benefits through electronic techniques, improving the speed electronic banking and minimizing the costs of electronic banking services.
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