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INTERNET-BANKING: DEVELOPMENT AND PROSPECTS

One of the most typical peculiarities of financial services market is necessity of financial institutions permanent aiming at widening diversity of services are provided by them, ensuring attraction of their services for customers and timely reaction on market's change.

Keeping pace with information technologies, the market of financial services got started to integrate into internet and defining it like platform for doing business.

It caused emergence of such term as "internet financial services" that distinguishes from regular financial services by remote relationships between bank and client, interaction on real-time basis and with many client at the same time.

There are a few types of internet financial services: e-banking, e-trading, e-insurance. The rhetoric around "e-banking" category lies in interpretation it as usage of internet like remote channel for delivering services of actual-existed bank and as independent virtual environment that comes into the world branchless, only-internet-existed banks.

Functional classification of internet banking: informational, transactional and communicational.

Two approaches to e-banking: the concept of "e-branches", which are virtual divisions of actual-existed banks and the concept of "e-banks", which implies pure only-internet bank.

The "e-bank" concept impersonates the evolution of "home remote banking" to advanced internet channel with available audio, video, text forms of communication and establishment 24/7/365 regime of availability for customers.

The "e-bank" concept entailed "internet revolution" in late 1990s in developed countries. E-banks have gained significance and popularity due to possibilities they presented: cost reduction, clients' loyalty, internet profits generation, attraction of high-income customers. On the other hand, e-banks act in favor of clients, which are able to get more beneficial conditions of service, additional services and convenience.

Internet revolution has attenuated because of tough competition within e-banks and actual banks as well, asperities in attraction clients and couple only-internet issues (reliability, legitimate, organizing, technical, and even philosophical). The question of early 1990's "virtual or actual" has transformed into "how virtual and actual are about to joint collaborate.

In terms of global credit crunch and financial mess, question of e-banks crops up in very urgent manner due to main peculiarity of e-banking – cutting of costs and opportunity to attract high-income customers.

Background of internet banks prospects: steady growth of electronically-made transactions and payments, which entails huge demand for clearing interstate systems, sustainable rise of internet users, especially in developing and transforming countries, stagnancy of regular banking business and looking for new channels of distribution and cross-borders serving the customers and business.

Countries that have endured early stages of internet revolution are apt to intensive usage of internet channel in role of add-on to regular banking, which has no problems in attracting new customers, who are mainly non-internet, but lapse to being served actual bank, to whom they have strong confidence, on internet. Developing and transforming countries are observing other trends: rapid development of e-branches and somewhere establishing new only-internet-banks (Russia, Israel).

Moreover, such internet payments systems like PayPal, Portmone, Webmoney, which de-facto are cross-borders banks, but highly specialized on clearing operations, are getting more complex and might be switched to some kind of e-banks.

The more tough competition on market is the more chances for e-banks are. There are a few probable scenarios of prospects in terms of financial meltdown: the way of extensive development through M&A and opening new branches is used up and banks are seeking ways of growth organically, that can be achieved exceptionally through structuring cost-effective business and e-banks with their low marginal costs per transaction, facilities- and staff-exempt costs, opportunity to provide customers with better rates are perfect strategically tool for meeting organically growth.

Moreover, globalization is on its peak and global institutions are supposed to act globally. Establishing global internet banks is like establish national bank if eliminate legitimate issues.