

Information Technology, Marketing and Organizational Factor in Corporate e-banking: A Qualitative Research

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Abstract The aim of this work is to delineate a possible reading in terms of the expansion and evolution of business-client relationships and to analyse the role played in these relationships by IT. The analysis will be conducted in relation to a specific sector, financial brokerage, and, within that, the principal player, the bank itself. This paper brings theory and practice together by synthesising the existing literature with real-life experience of an Italian bank.

Introduction

The study of relationships established by businesses and their clients is one of the most discussed topics in marketing literature [1–4] and, most of all, the role that these relationships play in allowing businesses to improve performance in the relevant markets [5, 6]. Among the numerous changes implemented in the span of the last ten years improvements in technology is that which, without a doubt, has created the greatest potential for improvement [7–9].

The aim of this work is to delineate a possible reading in terms of the expansion and evolution of business-client relationships and to analyse the role played in these relationships by IT. This analysis will be conducted in relation to a specific sector, financial brokerage, and, within that, the principal player, the bank itself. Extreme competition, saturation of the financial market and the growing demand for products and services made possible by new technologies has pushed banks into making major modifications to their business models [10–12], differentiating the functioning organisation from the client [13].

The current project seeks to combine aspects of theory with indications deriving from analysis of a specific case study of an Italian bank. The object is to tie in

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indications derived from marketing relating to the evolution of the client-business relationship with those deriving from the organisational study of the management of internal relations, and to the now-recognised growing importance of human resources in the organizational process.

Two principal questions motivate such research. In the first place, it is proposed to verify the effective use of information technology for the support and consolidation of the client-business relationship in the financial brokerage sector. Secondly, we intend to investigate the factors which render efficient and competitive the use of IT on the part of the bank. The investigation will be conducted with particular reference to the corporate sector, regarding which existing research has been undoubtedly quantitatively inferior when compared with those which have as their object the retail sector, which constitutes the predominant business area of national banking.

Literature Review

The importance of relationships in a banking context has already been brought to light some years ago [14–16] and, with reference to the corporate sector, huge ambiguity, variety and complexity has been evident [17, 18]. The following up of these studies allows us to identify an efficient management of client relations born out of the strict inter-connection, of all corporate types, involved in the average client [19]. On this topic, Perrien et al. [20] note that diverse factors contribute to the development of good relationships: the turnover of management, extent of decision-making power, internal rules and procedures of the bank and its organisation and structure. Proenca and de Castro [21] indicate three important factors that indicate the nature of relationships in corporate banking: the nature of the relationship; the bonds that are developed (economic, information, knowledge, technical, social); the number of contacts the bank can call upon with the aim of offering a complete and comprehensive package of financial services. The Authors also suggest that the various bonds are not all equally weighted, but that the most important are organisational know-how, followed by the social, economic, technical and information aspects.

These studies seem to agree with those which affirm that, for bank-business relationships, the human dimension is considered to be of equal importance to technological factors [22] and they underscore the importance of face-to-face contact for this type of clientele [23].

Parallel to the studies of the organizational matrix, numerous marketing studies have shown how, in a hyper-competitive market like this one, the development and maintenance of lasting relationships with existing clients have become almost more important than attracting new ones [24, 25]. The increased competition in these last few years has characterised a financial market in the process of deregulation in which intervention has pushed banks to re-evaluate their approach to marketing and to adopt the principals of relation marketing [26, 27]. In this context, banks have realised the importance of establishing long term client relationships, particularly

with corporate clients [28]. Many studies have demonstrated how corporate clients continue to prefer traditional-type relationships, as compared to those permitted by modern technology, to develop communication exchanges with the bank. However, the importance of technology for the development of bank-business relationships remains unexplored at many levels [29] and IT seems to constitute an important opportunity for improving performance and, consequently, important competitive advantages.

From this perspective it has been observed how the interactivity made possible by the internet facilitates the co-production of value between the seller and the recipient and constitutes an opportunity for the application of one-to-one marketing principles [30]. Thanks to the internet, in fact, banks can maintain direct relationships with their clients and, by means of the information thus gathered, provide a much improved and more personal service [31].

Research Method

To choose the research method we refer to the proposals made by Galliers [32] relating to the type of research to be adopted in relation to information systems. In his proposal, the author outlines the importance of the use of case studies as a research technique for the analysis of organisational aspects; techniques which may be identified as the most common method of qualitative research utilized in IT studies [33]. The research methodology selected for the achievement of the aforementioned objectives is, in any case, qualitative. In particular, it will be decided to employ the case study technique [34, 35] adapted to develop the theory through the understanding of the phenomenon in its proper context.

As to the choice of case study, we may select a good-sized bank, with a catchment area sufficient to cover all regions of Italy and which, from an organisational and marketing perspective, has recently reviewed and innovated its assets. The decision goes for the Banca Nazionale del lavoro (BNL) which caters for both retail and corporate clients and upon which we will focus our attention. Moreover, with reference to both of these markets, BNL has a strong corporate tradition, which allows for the introduction of IT into a pre-existing organisational structure which is already well-developed. A further element which has contributed to the choice of BNL is the recent amalgamation with the BNP Paribas group, which has launched a strong programme of review and redefinition of roles and objectives. It is on the basis of these considerations that we take it as an emblematic case to investigate. The data for analysis has been gathered from multiple sources:

- Interviews focussed on the traditional roles of interfacing with clientele and the staff bodies which support them in managing these relationships.
- Studies of company documents, bank balances and other sources, both internal and external (Internet sites, business magazines and sector sources).
- Analysis of specific e-banking products intended for corporate clients.

The access to a multiplicity of information sources has favoured the principles of interaction and the triangulation of the sources [36]. Once the primary observations are developed these are further compounded which the interview material which seems to emerge from the analysis. These cross-comparisons have been useful for the final compilation of the proposed interpretative model and for the individuation of the future direction of this research [37].

The BNL Bank

Strategic Evolution, Organisational Structure and Management of Client Relationships in BNL Bank

Founded in 1913, in 2006 BNL entered into a large international banking group. This entrance has triggered a strong process of change which hinges upon three key factors: the clients, the management, the collaborators. The key principles at the heart of the change revolve around the reorganisation of the distribution network; the sharing of the best practices of both banks; sharing of group expertise. Now, the client is at the centre of the organizational process and the new managerial approach to the evaluation of credit needs to assure more responses to fulfil client. At the same times, power of delegation and responsibility have been given to the management. The process of change initiated by the integration of the two groups, centred on the importance of people to guarantee the success of the organisation, requires the development of strong integration among the various acquisitions of the bank. The centrality of client relationships has meant, from the strategic viewpoint, refinements to the sectoring of the existing market and the redefinition of territorial area of operation, not to mention the expansion and renewal of the range of products and services offered.

The division of the commercial activities of BNL into corporate and retail sees the director of the BNL corporate supply chain answering directly to the delegate administrator of the bank. The same presides over the five macro-regions of into which the national territory is subdivided and which enjoy an elevated and strategic operative autonomy. At the head of each macro-region is a director upon whom depends the Central Territorial Affairs, allocated, in turn, to corporate bodies which represent the strategic and business units of the territory. Each territory has a chief on whom depend the managers of corporate clientele.

The corporate client managers, to whom is assigned a client portfolio, has the responsibility of administering client relations. The manager must implement the building up of the assigned portfolio; he represents the principal interface of the bank with the clientele and constitutes for the latter a point of reference. For BNL corporate, in fact, the bank-business relationship is not based on the selling point of financial services but is transformed into a partnership in which the bank contributes capital, in a multiplicity of diverse technical forms, which the economic

processes of the business must reimburse in the form of financial obligations. It follows that the manager is not simply a buffer between the bank and the business: he represents a figure that the market, in the current climate, increasingly requires to be more and more productive, a role which embodies in itself, on the one hand, the supplier of financial resources and, on the other, the more complex role of strategic financial consultant. A further aspect of these types of management activities, undoubtedly relationship-based, is the personalised rapport with the client in which a two-dimensional relationship is established – technical-professional and human – which allows the bank to acquire useful data on clients with the aim of appraising risk in real terms in order to better satisfy the needs of the business.

Within the context of his specific competences, the manager avails of the support of professionals who have partial, though elevated, command of various aspects of the business. A sample job title which may be brought into argument is the Specialist in Special Credits and Loans who has the task of supporting commercial, administrative or operative processes pertaining to medium/long term operations; the outside expert, with deep knowledge of external banking operations and norms; the IT specialist, who has the dual role of technical assistance, both external and internal. From the brief description presented above emerges a pattern which shows how the management of bank-business relationships represents a very complex phenomenon, based on which the relational capacities of the manager take on a role of primary importance, along with his specific knowledge and problem solving capacities.

The Role of Technology in Bank-Business Relationships

The evolution in IT and in its application has brought about the introduction of a multiplicity of instruments for client relationship management. The principal Italian banks adhere to a system, known as “corporate banking interbancario” (CBI), which allows any business to work directly, via computer, with all Italian banks with whom they share a relationship exploiting internet technology. For BNL this IT product is “Business Way.” We may take the example of remote banking, which offers clients the following options:

- Arrange directly and immediately bank transfers, utility payments, financial instrument transfers and foreign currency.
- Obtain global information held by the bank.
- Find out daily market quotations, and previous quotations, of particular stock.
- Enter into electronic procedure relating to the regulation of client supplier relationship and information pertaining to outstanding transactions.

One application of corporate banking offered by BNL to satisfy the need for information/operational services by businesses is the Cash Management Service, that is the process which allows the business to manage cash flow, in and out, by the use of IT. Besides being an efficient way of reducing costs for both business and

bank, remote banking represents a supporting instrument in the bank-business relationship, even though the staff present in the bank itself, and who has the role of problem solving, acts as interlocutor.

Discussion and Reflection

In the course of the investigation into the application of IT in the bank/business relationship, the case of BNL has shown how all internal procedures in the conduct of such relationships have largely been automatised. The same has also applied an information system for the process of credit concession with an examination of merit carried out by an expert system which provides for the acquisition of necessary data, both internal and external.

This analysis allows us to bring to light the ways in which the use of IT in the bank/business relationship constitutes a supporting element within that relationship. More precisely, these roles express themselves in a dual profile: informative and the strengthening of the rapport. In the first of these, the use of IT allows the bank to acquire an informational mastery, contributing to the construction and enrichment of a body of knowledge about each client. This is true both in terms of the financial volumes transacted, and in terms of the finalisation of the operations thus conducted. The monitoring of the usage of information technology, in fact, provides information about the counterpart of these operations and the relationships fostered by each individual business. In this way begin the active bank/business participation to the definition of the telematic services furnished by the bank and to the grouping of the relative activities according to its own preferences. This implicates that every decision of the client / business contributes to build and to feed the relationship bank/business. What we've now noticed allows to introduce the second aspect above underlined, regarding which it could be noticed as the IT allows the "de-bureaucratization" of the relationship releasing from the consequential administrative obligations. In the specific case of BNL, contrary to what happened in the past, the manager is no longer seen by the client as merely an overseer of the administrative aspects of the bank/business relationship but as a specialized interface providing a swift and certain response to the problematic financial complex of the business.

Conclusion

This paper has presented an exploratory case study of an Italian Bank, The BNL. The empirical evidence supports what the literature affirms: corporate clientele continues to prefer a direct rapport with the manager, retaining, however, IT technology as an indispensable instrument for better management. The contribution of IT seems, therefore, to provide an opportunity to increase the time that the manager

can dedicate to the client, improving in the process, naturally, the quality of the service, bringing the bank to achieve the whole knowledge of the client/business operativity. Opening a channel of interactive communication with its own clientele corporate, the bank starts a process of construction of sceneries that allow the Manager to go beyond what it is strictly useful to be able to build, through continuous relationships, shared environments that foresee the possibility of multiple and alternative sceneries. In this perspective, the model of the sense making [38] seems to volunteer as possible interpretative tool, able to help the researcher to clarify better the contribution that IT technologies can give in to support the relationships bank /business.

The application of IT to this typology of relationship seems to put the manager, and consequently the bank, in the condition to create a great sense in the relationships with its own clientele. Nevertheless, to this could be possible, the investigation has, what's more, revealed how the success, or lack of it, of the adoption of IT in corporate banking relationships is the consequence of a multiplicity of factors. In the first place, it must necessarily be accompanied by an adequate formation process, with various specializations, based on the resolution of client problems. Secondly, the sharing of all levels (administrative and commercial) of one to one marketing principles acquires importance. Finally, an efficient management of these relations cannot but result in a satisfactory degree of organizational integration.

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