

SMALL BUSINESS AND E-BANKING LOGISTIC

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Abstract: *Internet has touched almost all aspects of our lives, especially businesses. The emergence of e-banking has revolutionized the way we live, shop, entertain and interact. The internet has emerged as a convenient channel for these service providers. The challenge for banks is to try to become “e- “ data is scattered across the countries. Integration of this data is necessary if the banks have to succeed on the net. The second challenge is related to the move towards expanding the basket of financial products being offered by financial service providers. Retail banking sector is affected by e-banking in all aspects.*

1 E-banking and businesses

As it known e-banking influences development of businesses, especially small and medium sized enterprises. When it talks about e-banking, it have to say that have a large application and forms.

1.1 Remittance telegraphically / electronically

1.1.1 Telegraphic Transfer. A Telegraphic Transfer (TT) was for a long period of time the quickest way of sending money abroad and as such will often be used where the payment is urgent. As with International Money Orders and International Payment Orders, an order form is completed with the remitter’s instructions, enabling the bank to authorize the bank abroad to make the funds available to the beneficiary. The beneficiary can receive the funds in most of the ways described for International Payment Orders:

- Notify and pay
- Advise and credit the account
- Pay on application

1.1.2 Girobank / post office. Girobank offers several ways of sending money abroad, some of which are similar to those, described already. Not all the services are available to all countries, but if you wish to send money to a country not on the Girobank Money Services list, payment will be made by means of a bank cheque in US dollars, sterling, or an appropriate alternative currency at Girobank’s discretion. The three main methods are:

- 1) Payment by cheque;
- 2) Payment in cash;
- 3) Payment direct to a Giro account overseas.

1.1.3 Standing orders. There are certain payments, which have to be made regularly. Missing a payment for an essential item or service could cause problems. A Standing Order service provided by the banks is a way of ensuring that specific payments are made to certain people or organizations on the date that are due (The payments can be once a year, quarterly, monthly – whenever required). This means that the customer only has to arrange essential regular payment once. The customer has to inform the bank the necessary details concerning who the payment is to, the amount of money to be paid out –when and how often the payment is to be made. After that, the bank will take on the responsibility of ensuring that the payments are made: Out of the customer’s account; Into the account of the person/organization named.

1.2 Electronic Banking Services. *Electronic Banking is a service provided by many of the largest banks to enable the ordinary customer to transfer funds from one person to another and to remit funds to a named beneficiary.*

Concepts' definition regarding e-banking

The Banking Supervision Committee from Basle defines the **e-banking activity** as 'the retail banking services and products distribution of different values through electronic channels'[1]. These banking products and services can include: attracting banking deposits, granting loans, the accounting management, as well as providing other products and services for electronic payment as e-money. Usually, the more accessible procedures by which it is possible to distribute to the consumers e-banking products and services are: POs (point of sale terminal), ATMs (automatic teller machine), mobile phones, personal computers, distance terminal, Video Kiosk, Internet, and others. Through the Internet, a person can have access 24 hours a day/ 7 days per week to her/his accounts and can make transactions, for this operation needing only a PC connected to the Internet and a browser. The Internet banking services can be accessed also through the mobile telephone and with the help of WAP. This way, because of its rapid extension, the Internet brings new opportunities to the banking industry.

The main forms concepts of electronic banking services are:

- **Going out from home**, like: bankers automated clearing system, swift, pos.

These systems are especially used for funds transfers between the participating members and essentially operates standing orders, direct debits, payment of wages, salaries, rentals, trade debts, etc.

- **Staying at home (home banking)**, like: telephone banking, internet banking, mobile banking, television banking,

Internet banking is a banking product, which follows the older solutions like e banking. Despite e banking, the I-banking (Internet-banking) supposes the usage of a computer from wide world on which is installed a browser and an internet money services connection. The performances of such a solution are far away better also for the bank and for the end user (the client).

Home banking: the payment from distance

The payment from distance is possible only when the bank gives the holder of the payment card a purchase power. In this case, the memory of the card records this ability that may be interpreted as a credit limit. Under the above-mentioned circumstances, the holder of the payment card connects through the Videotext system with the seller. The operations are performed in the following order:

1. The order regarding the goods or services solicited is given;
2. The decision to pay is expressed;
3. The PIN is typed (this operation is juridical equivalent to signing a cheque);
4. The amount is typed (this operation is equivalent to filling this mention on the cheque).

Advantages and disadvantages of home banking

Cynics would say banking is being driven towards the Internet by fear and greed: fear because everyone is afraid of being left behind and greed because there is such potential to have money. While there is an element of truth in this view, it is too glib an explanation of the real drivers and potential of using the Internet in banking. Banking could be more easily available to individuals and smaller companies as well as making information accessible in countries whose infrastructure is yet underdeveloped.

Home banking is an online systems allow customers to plug into a host of banking services from a personal computer by connecting with the bank's computers over telephone wires. The convenience can be compelling. Not only is travel time reduced, but also ATM machines; telephones banking or banking by mail is often unnecessary. And, technology continues to make online banking, once attempted only by computer enthusiasts, easier for the average consumer.

Even that may not be easy enough, though. Many systems that offer greater financial control also require more work. Online bill payment is an example of an effort that requires setting up which leads to ultimate convenience. Banks use a variety of names for online banking services, such as PC banking, home banking, electronic banking or Internet banking.

Home banking offers many advantages:

- Consumers can use their computers and a telephone modem to dial in from home or any site where they have access to a computer;
- The services are available seven days a week, 24 hours a day;
- Transactions are executed and confirmed quickly, although not instantaneously. Processing time is comparable to that of an ATM transaction;
- And the range of transactions available is fairly broad. Customers can do everything from simply checking on an account balance to applying for a mortgage;
- Easy 24-hour access to account information and transactions;
- Automatic chequebook balancing;
- Current and accurate account balance;
- No monthly fee for bill paying or account access;
- Electronic transfer of funds between accounts;
- Free bank wires;
- Immediate accesses to statements and cleared checks.

But home banking offers disadvantages too:

- The most obvious: Technophobes need not apply. You must be comfortable using a computer;
- Investment of time upfront can be formidable. The data entry is necessary before the numbers can be massaged and money managed successfully. Online bill payment is an example of an effort that requires setting up which leads to ultimate convenience.

The Electronic money are represented by many forms, such as:

1. **'Debit cards'** – by using these, the consumer is empowered to buy merchandise through effecting an electronic transfer of funds from their personal accounts from the bank in the merchant's account.
2. **'Stored-value card'** – they are cards similar to the debit and credit cards, but they distinguish by the fact that they contain a fix amount of 'digital cash'. A sophisticated stored-value card is represented by the 'smart card'.
3. **'Electronic cash'** represents an example from the real world of the electronic systems of payment, using e-mail or Web. 'E-cash' is used on the Internet for buying products and services. A consumer can obtain 'ecash' by opening a bank account at a bank connected to the Internet. Then, 'e-cash' is transferred to his computer. When a client wishes to buy a merchandise with e-cash, then he navigates on the net, looks for a shop and selects the option of buying a named article, after which e-cash is transferred automatically from the client's computer into merchant's computer.
4. **'Electronic cheque'** – these permit the users of the Internet to pay the bills directly through Internet without transmitting the check paper. The user of the computer writes the equivalent value of the check, after which he transmits the electronic check to the other party, which, in its turn, transmits it to his bank.

2 Small and Medium Sized Enterprises (SMEs) and the influence of e-banking

The economies around the world is faster developing through e-banking. Interesting is the Eastern European model. In Eastern Europe, the economies, are developing, but harder than the rest of the Europe. Eastern European countries are not rich countries. This is the reason for necessity of business growth. The report of the World Bank on regulations of doing business in 2005 reported that:

- Businesses in the other countries, for example, face much larger regulatory burdens than those in rich countries; they face three times the administrative costs, and nearly twice as many

bureaucratic procedures and delays associated with them and they have fewer than half the protections of property rights of rich countries.

- Heavy regulations and weak property rights exclude the poor from doing business. In the other countries a high percentage of the economy is random.

For many SMEs, the unpredictability of doing business and the complexity of procedures and regulations in many developing countries are perceived as major barriers. Furthermore, access to finance, new technology and good reliable infrastructure, especially for communications and logistics, are all special problems for growth-oriented SMEs (OECD 2000) [2].

In conclusion, are offered some practical advises for e-banking customers:

A. Seven step approach:

1. Buy computer / use it as a calculator & word processor
2. Use Email
3. Build website - copy of brochure
4. Make the website interactive & tailored to search engines - e-Skills of personnel
5. Link website entry with order processing, accounting - use of technical design/cost tools
6. Integrate sales, design/cost & process tools and ERP
7. Interaction with partners, e-invoicing with e-banking tools – full integration to eBusiness in regional networks.

B. The status today is:

- Majority Micro enterprises is at Stage 1-3
- Middle sized or technical enterprises: up to Stage 4
- Hi-Tech, Hi-Know and ICT SMEs: up to stage 6
- Stage 7:
 - Networking via Associations starting – Not yet Internet based
 - eNetworks with a success level:
 - Prelude
 - Cardiff University
 - Eden
 - Individual SMEs lack the money & people to move ahead

C. The road ahead for East European countries:

1. Open cooperation big & small enterprises eases the business
2. Interaction via eGovernment, eProcurement reduces paperwork with SMEs
3. Both take Repeat Cost out of the SME and give a shared benefit
4. Interoperability is key: oils the virtual wheels

D. Collaborate with an e-banking enterprises who offer:

1. IT program solutions for 1-50 employee companies; support programs
2. Secured Internet usage via networks, within a clear legal and standard(ized) framework
3. Young people education focus on ICT
4. Time: takes 3-5 years if it start it today
5. No programs really exist, but project ideas are plenty and easy to realize.

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