

# DIGITAL BANKING SERVICES: CUSTOMERS' PROS AND CONS. A THEORETICAL LITERATURE REVIEW

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## Abstract

This paper is a synthesis of several theoretical works on the pros and cons of digital banking services. The objective is to allow future users of digital banking services to have a clearer idea of the pros that these services can offer. In fact, pros are many: availability, mobility, time saving, ease of access to services, autonomy in the relationship with the bank, reducing banking service prices and increasing interest rates on deposits, online bill payment, knowing about bank products, non-discrimination of technology and environment friendly. As for cons, they include: absence of human contact, complexity, fear of insecurity, no or slow internet connection, limited scope of the services offered, unnecessary letters and notifications and high using costs.

**Keywords:** digitalization, digital banking services, customers

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## 1. INTRODUCTION

With the advent of the health crisis (SARS-CoV-2 or Covid-19 pandemic), the financial sector (banks, Post, etc.) has accelerated its digitalization process. Banks, for example, are constantly increasing the number of digital services offered to customers. Table 1 summarizes a large part of these services.

TABLE 1. DIGITAL BANKING SERVICES

Digital service	Description
<b>Accounts' consultation</b>	This service allows customers to view the balance of their accounts and the latest debit and credit transactions realized on these accounts.
<b>Consultation and printing of account statements</b>	The customer can, through this service, consult his account statement and print it.
<b>Check transactions</b>	Check transactions include the request for a check book, the follow-

	up of the check book request, the consultation of checks remitted for collection, etc.
<b>Card transactions</b>	Card transactions include the request for a bank card, the request for opposition on the card, the consultation of the transactions carried out on the bank card and which will soon be debited, etc.
<b>Transfer transactions</b>	Transfer transactions consist of making occasional or permanent transfers between the customer's accounts or to an external recipient, in the same bank or between two banks.
<b>Document printing</b>	The customer has the option of printing documents other than the account statement: International Bank Account Number, etc.
<b>Access to information</b>	The customer can find out if the authorized overdraft has been exceeded, if a banking product (checkbook or card, for example) is available at the branch, etc.
<b>Access to stock market services</b>	Some banks offer stock market services which consist of allowing their client to place stock market orders (purchase and sale of securities on the stock market).
<b>Currency transactions</b>	Currency transactions consist of consulting the exchange rate and using a currency converter.
<b>Credit transactions</b>	Credit transactions include in particular the simulation of a credit, the request for a credit and the consultation of the balance of a credit.

Source: Author

In this paper, we seek to study the pros and cons of digital banking services for customers, based on several theoretical works carried out on the issue. The objective is to allow future users of digital banking services to have a clearer idea of the advantages that these services can offer. This subject is topical, because today, the number of people who go digital continues to increase, especially with the health crisis (Covid-19). Moreover, the choice of the banking sector as the object of our research is not endless given the importance it occupies in the lives of people.

## 2. DIGITAL BANKING SERVICES: CUSTOMERS' PROS

Pros of digital banking services for customers can be summarized in figure 1.

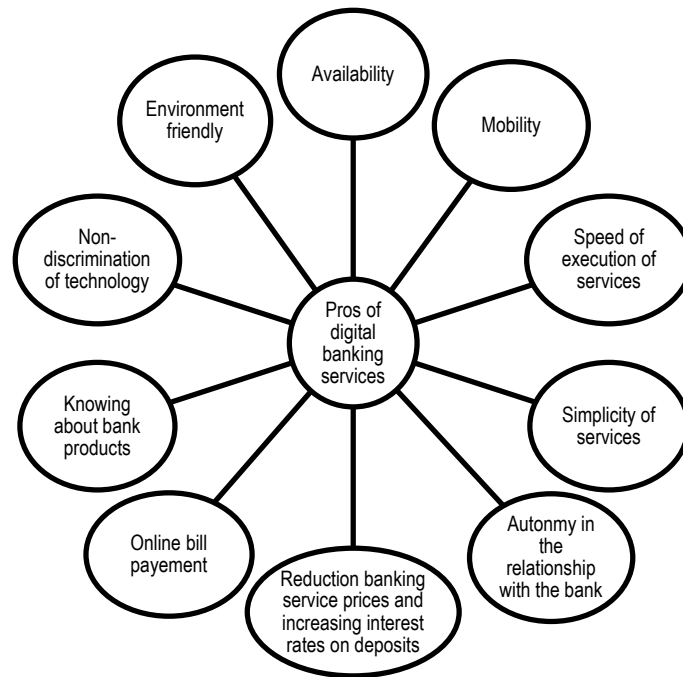


FIGURE 1. PROS OF DIGITAL BANKING SERVICES FOR CUSTOMERS

Source: Author

## 2.1 Availability

Digital banking services are available 24/7 (Vesić, Lazović & Petronijević, 2020 and Guraău, 2002). The customer has the possibility of carrying out his operations at any time. Sebti (2022) emphasizes that digital allows customers to manage their accounts 24 hours a day. According to Kataria (2019), digital allows customers to carry out their banking transactions even if the bank is closed. Referring to the strengths of Internet banking, Drigă & Isac (2014) state that it enables to access to banking services at any moment. Koskosas (2011) affirms that Internet banking allows customers access to banking services 24 hours a day, 365 days a year. Hashika (2017) points out that Internet banking is available 24\*7 and 365 days. Referring to the benefits of online banking, Nedumaran & Baladevi (2018) emphasize that it is available 24 hours and that customers are not dependent on branch's hours. According to Rammaiya & Prakash (2019), online banking provides 24\*7 services. Speaking about the benefits of electronic banking (e-banking), Khan (2017) affirms that it « can be made 24\*7, without requiring the physical interaction with the bank. » Kazmi & Hashim (2015) state that that e-banking provides services 24\*7 services.

## 2.2 Mobility

Digital banking services are accessible remotely without going to the branch and queuing at the counter. Customers can now carry out their transactions from anywhere. Sebti (2022) affirms that digital allows customers to manage their accounts from anywhere in the world. Vesić, Lazović & Petronijević (2020) point out that, from anywhere, digital banking allows the provision of several banking services. Referring to the benefits of online banking, Nedumaran & Baladevi (2018) emphasize that it « can be done from anywhere, as long as you have an Internet connection. » Speaking about the benefits of Internet banking, Khan (2017) affirms that it enables people to make transactions and payments from home or office without having to go out and this by clicking on the button. According to Kazmi & Hashim (2015), among the benefits of electronic banking, is that customers not need to stand in long queues.

## 2.3 Speed of execution of services (time saving)

Sebti (2022) affirms that the automation generated by digital technology results in the acceleration of transaction processing times. According to Kataria (2019), saving time is the biggest advantage of digital for bank customers as they are not able to spend a lot of time in queues. The author adds that the digital bank allows them to carry out their banking services in a few minutes. Vesić, Lazović & Petronijević (2020) and Guraău (2002) state that among the advantages of digital for banking customers is the speed of transactions. Referring to the benefits of Internet banking, Drigă & Isac (2014) emphasize that it makes transactions faster. According to Koskosas (2011), thanks to Internet banking, « Real-time account balances and information are available at the touch of a few buttons thus, making banking faster. » Hashika (2017) points out that Internet banking is fast and saves time. Speaking about benefits of online banking, Nedumaran & Baladevi (2018) state that people can consult their accounts at any time and be informed of the balance of these accounts in real time. They add that people can save time by avoiding traveling to the branch. Referring to the benefits of e-banking, Rammaiya & Prakash (2019) affirm that customers can save time and energy. Kazmi & Hashim (2015) emphasize that, among the benefits of e-banking, is that it saves time. They add that access to information is rapid.

## 2.4 Simplicity of services (ease of access to services)

Kataria (2019) notes that digital allows customers to easily access the bank's website using their username and password, and complete transactions. Speaking about the benefits of Internet banking for customers, Drigă & Isac (2014) emphasize that it is easy. Khan (2017), speaking about the benefits of e-banking, state that thanks to technology, the customer has easy access by simply logging into the

website of the bank. According to Kazmi & Hashim (2015), among the benefits of electronic banking, is the easy access for customers.

### **2.5 Autonomy in the relationship with the bank**

The customer accesses the banking services himself without going through the banker. Sebti (2022) affirms that, thanks to digital, the customer carries out his banking operations himself.

### **2.6 Reducing banking service prices and increasing interest rates on deposits**

According to Kataria (2019), digital has significantly reduced banking operating costs, allowing banks to charge lower service fees and offer higher interest rates on deposits. Vesić, Lazović & Petronijević (2020), SaranyaPriyadarshini (2018) and Gurašu (2002) point out that digital allows a reduction in service costs for customers. Referring to the benefits of Internet banking, Drigă & Isac (2014) note that it reduces transaction costs. « The lack of significant infrastructure and overhead costs allow direct banks to pay higher interest rates on savings and charge lower mortgage and loan rates. » (Koskosas, 2011) Speaking about the benefits of online banking, Nedumaran & Baladevi (2018) state that « an online bank doesn't have to worry about funding an actual bank location with all of those additional costs, fees can be compact and are often non-present. » They add that the amount of paper used and sent to the customer is reduced since most statements and correspondences are done online. This again reduces the costs of online bank. Finally, the authors point out that higher interest rates are often offered on accounts because of the lack of costs attached to running an online bank. Referring to the benefits of e-banking, Khan (2017) affirms that customers receive higher interest rates on deposits and pay lower interest rates on loans, due to the savings accumulated by the bank.

### **2.7 Online bill payment**

Kataria (2019) states that digital enables online bill payment, saving customers a lot of time, effort and expense. The author adds that customers don't need to have cash and stand in line to pay their bills. Speaking about the benefits of online banking, Nedumaran & Baladevi (2018) affirm that it allows automatic bill paying which enables people to pay their bills monthly. Referring to the benefits of Internet banking, Hashika (2017) emphasizes that it helps customers to pay their bills anytime.

### **2.8 Knowing about bank products**

According to Kataria (2019), thanks to digital, customers can stay up to date with bank products such as loans or investment options.

## 2.9 Non-discrimination of technology

SaranyaPriyadarshini (2018) emphasizes that, among the advantages of digital, is that everyone will be treated in the same way.

## 2.10 Environment friendly

Referring to the benefits of Internet banking, Koskosas (2011) affirms that it « is also environmentally friendly. Electronic transmissions require no paper, reduce vehicle traffic and are virtually pollution-free. They also eliminate the need for buildings and office equipment. » Hashika (2017) states that Internet banking is environmental friendly because it reduces the usage of paper. Speaking about the benefits of online banking, Nedumaran & Baladevi (2018) point out that it reduces the amount of paper used and sent to the customer since most statements and correspondences are done online. They add that people no longer use checks thanks to automatic bill payment, reducing used paper.

## 3. DIGITAL BANKING SERVICES: CUSTOMERS' CONS

Cons of digital banking services for customers can be summarized in figure 2.

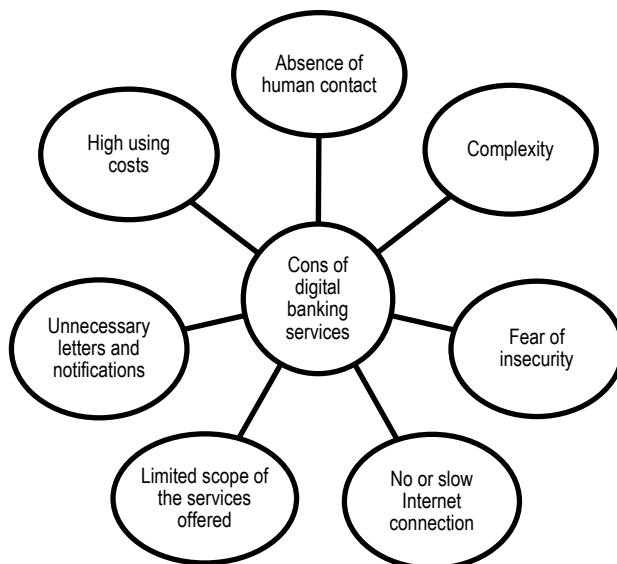


FIGURE 2. CONS OF DIGITAL BANKING SERVICES FOR CUSTOMERS

Source: Author

### 3.1 Absence of human contact

Even if, since the development of online services, customers visit their branches less regularly, they still remain attached to their local branch. Kataria (2019) affirms that most customers prefer the personal touch and personalized service offered by bank branch staff. Vesić, Lazović & Petronijević (2020) point out that many customers are inclined towards direct contact and personal consultations, especially with sensitive and advisory banking services. They add that the use of the branch is necessary because of the need for banks to carry out tasks requiring personal contact between bank staff and customers (for example: signing of contracts, advice, etc.). « Getting to know the people at your local branch can be an advantage when a customer needs a loan or a special service. » (Koskosas, 2011) In the same sens, Nedumaran & Baladevi (2018) state that when the customer needs a loan or a special service that is not available to the public, knowing the people in his branch can be an advantage. Authors add that the banker can help the customer to solve problems, to have a loan to develop his business, etc. Finally the same authors point out that « Sometimes a face-to-face meeting is required to complete complex transactions and address complicated problems. » According to Khan (2017), the personal relationship with the banker helps the customer who requests a faster loan agreement or a special service that may not be easily accessible to the public. The author adds that, thanks to this relationship, the customer can benefit from essential financial advices from his banker. Finally, the author affirms that « Certain services such as notarization and bank's signature cannot be accomplished online. Solving specific issues and complaints requires physical visit to the bank and cannot be achieved through the internet. » Hashika (2017) notes that face-to-face contact between the customer and the banker allows the latter to know the specific needs of the customer.

### 3.2 Complexity

Complexity relates to the facility of carrying out a transaction. Indeed, some customers have poor computer skills. According to Kataria (2019), digital is difficult for new users. For Vesić, Lazović & Petronijević (2020), resorting to the branch is necessary for customers who are not computer literate.

### 3.3 Fear of insecurity

The client is afraid of his data being hacked. Kataria (2019) points out that many people are hesitant to use digital banking services for security reasons. The author adds that people worry about this issue when they read this kind of information about cybercrime in the newspapers on a daily basis. Speaking about the weaknesses of Internet banking, Vesić, Lazović & Petronijević (2020) state that the main weakness is the lack of security. Drigă & Isac (2014) note that, among the weak points of Internet

banking, there are security problems. « Accounts may be subject to phishing, hacker attacks, malware and other unauthorised activity. » (Koskosas, 2011) In the same sens, Hashika (2017) affirms that «Security is one of the biggest fear that customers afraid to use internet banking. The increase in cyber-crimes and hacking is increasing day by day. The most threat in modern banking is hacking, clearly hacking into bank systems is getting common now a days. » Referring to the drawbacks of e-banking, Khan (2017) states that the risk of hacking is always possible in the cyber world despite the existence of sophisticated software designed to protect customer accounts. The author adds that on the Internet, phishing, hacker attacks, malware and other unauthorized activities are common.

### **3.4 No or slow internet connection**

According to Kataria (2019), slow connection speed discourages customers from using digital banking services. Vesić, Lazović and Petronijević (2020) affirm that system unavailability and congestion present discomfort in using mobile banking. Drigă & Isac (2014) state that, among the weak points of Internet banking, is that it depends on the availability of the Internet.

### **3.5 Limited scope of the services offered**

According to Kataria (2019), the digital banking services customers can access are limited. The author adds that to open a new account or apply for a loan, for example, the client is required, in most cases, to go to a branch to sign forms and show identification documents. In the same sens, Muradova (2020) points out that unlike traditional banks, digital banks may not offer all financial services. Referring to the disadvantages of online banking services, Nedumaran and Baladevi (2018) state that « routine services such as notarization and bank signature guarantee are not available online. These services are required for many financial and legal transactions. »

### **3.6 Unnecessary letters and notifications**

According to Kataria (2019), when using digital banking, customers can become annoyed by unnecessary and constant emails and updates. The author adds that customers can become annoyed by these kinds of notifications.

### **3.7 High using costs**

Vesić, Lazović & Petronijević (2020) state that high usage costs (due to the price of the Internet) limit the widespread use of mobile banking.



#### 4. CONCLUSIONS

In this paper, we have tried to study the pros and cons of digital banking services for customers. As for pros, there are many: availability, mobility, time saving, ease of access to services, autonomy in the relationship with the bank, reducing banking service prices and increasing interest rates on deposits, online bill payment, knowing about bank products, non-discrimination of technology and environment friendly. Regarding cons, they include: absence of human contact, complexity, fear of insecurity, no or slow internet connection, limited scope of the services offered, unnecessary letters and notifications and high using costs.

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