

## Electronic banking implementation methodology, strategic approach in the third millennium

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**Abstract:** Rising growth and improvement of information technology has created revolution in people different aspects of life and performance organizations. This technology has changed the operating procedures and peoples attitude of organizations and governments, and has provided new industries, jobs and creativity to the affairs. Emersion of phenomena such as: electronic jobs, electronic trade, electronic banking are the main results of influence and improvement of information technology on economic. Our country is a young country in the presence and application of the electronic banking. There is a long way to achieve a desired status. In the field of electronic banking, so far wide activities have done, but the lack of some infrastructures at different aspects have led to slow these activities. Now, in the most advanced countries, banks have provided on-line banking services for their clients by internet. Clients can do most of their banking works without presence at bank by connecting to home page and using their special code. These factors provide the ground to facilitate of doing commercial and bought sold affairs that have led to increase the competition between banking and non banking institutions. Therefore, the electronic banking can be defined as a collector of facilities for clients who can access to the banking services by safe intermediates without the physical presence. On the other hand, implementation of electronic banking requires accompaniment and coordination of other executive and legal institutions correlate to banking system that without them, banks are not able to take new technology completely, in their affairs. This article has verified electronic banking and we as far as possible try to make this subject clear. [Mehdi Rouhi Khalili, Amin Balaghi Inalo, Javad Mehrabi. **Electronic banking implementation methodology, strategic approach in the third millennium.** *Life Sci J* 2013;10(7s):119-127] (ISSN:1097-8135). <http://www.lifesciencesite.com>. 20

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### Introduction

Changes of the world by information technology, internet, and consequently, electronic trade, that also is derived from information technology, have provided a deep change in communication and information transfer process that at present, people can do their work at home by using a personal computer and a modem with out physical presence. These factors has provided a ground to facility of doing traded and bought & sold affairs, that have led to increase the competition between associations. The level of competition is so high that if one association has less competitive advantage than the other association, inevitably should leave the competitive. Banks also are not exceptional to this subject as institutions which act at different areas of finance and money, and they encounter with different barriers and threat at their own affairs and to overcome these difficulties and access to market potential opportunities, should have competitive advantages and electronic banking systems provide a ground to access these advantages.

Economic affairs researchers studies have showed that banks unprecedentedly increase their advantage by increasing their loyal and top clients and make their client content. Nowadays, most of banks encounter with completely dynamic environment, and all of them, whether large or small have located absorption and protection of commercial costumers in their prior programs with respect to blitz changes in competitive positions and dominant situations on market,. Nowadays, there is an unquestionable truth that market power and balance are heavier toward the costumer. Nowadays, costumers have more opportunities to compare services, and costumer judgments about bank are stable according to the level of bank ability to solve problems and its improvement and business. In our country and most advanced countries of world, doing affairs quickly and lack of time waste are considered as the most important element to success in banks competition. The clients as determinant pillars of this competition are respect to technology, speed and to the second level, technical expertise. In new global banking, it is new global banking, it is necessary to explain bank service

specially, electronic banking service, and banks clients have rights to know bank service by media. Hence, banks require acquire enough information of clients, their interests understand, need and improvement of relationship with them, for being effective. Banking industry will locate their life at any neglect form their staffs force to general principles of marking with center client. Thus, its better that in present competition market, banks according to politics of constitution principle 44, quickly should make a solution to protect its clients with Iran membership in global trade institution and consequently establishment of foreign banks in Iran, by the way, according to becoming private of a number of the state bank, and also slight difference of bank interest in the area of resources and expenditure absorption. Present banking seek new approaches, effective client centered, presentation of new technology, giving service of client that each bank which operates more successful in these affairs, will be successful in absorption more resources, and consequently, it will have constant permanence with more efficiency. Electronic banking is an only option for banks to achieve these objectives. Developed countries and also developing countries such as country region, in this context, have provided necessary substructures, and perfectly have used information and communication technology in business and banking field, and take advantage of its benefits with one consistent, logical and comprehensive motion for many years ago. Now, in this study, in according to clear advantages of electronic banking and effective role in different areas, we will discuss about the most important barriers and development ways of electronic banking.

#### **Information technology and banking evolution**

In 1960, first information technology was applied to mechanize and automation the administrative and managerial department. This situation changed toward banks staff department and first using information system of management and technology had been applied toward development of administrative and managerial department (main and support processes) into banks staff department and its branches. This improvement entered banking industry in a new era that can be observed the explosion of using information technology in the presentation of bank service and also distance between banks staff and capital reduced, in so much that increasingly faded and vanished with emersion of integrated systems (Olamaei, 1374, page39). Nevertheless, before implementation of information technology directly in banks had done by themselves, it has been able to provide many changes in banks, that its effect is yet tangible. The first changes were the improvement of current products to new markets that they were the initiate of mass market banking era. For the second

change, it could present new options for distribution channels, and for the first time, credit cards emerge by using network branches banks. The third change caused to using primary cash distribution machine that later, evolved to present the cash machines. These changes provided a useful bridge to access a new stage of using information technology in banks. New channels make presentation of banking service easy and comfortable for clients such as: the cash machine, transferring interbank money and bank telephone. This new era is the product of integrating systems that refers to banks staff department and capital bank and existence of smart elements in information technology. Banking transactions increasingly use internet communications and connected instruments and it can provide many opportunities for banking industry (Sonnes, 1995, 31). With providing electronic banking facilities, banks clients can do bank transactions in proper time and place, in addition to, banks also take advantages by reducing the cost of operations through reducing its staff and branches, of course there are concerns about electronic banking.

The most important concerns are about network security specially security of global internet. In addition, reduction of sell side opportunities is another concern in electronic banking area. In one branch, bank clerk can do sell side through direct communication with client. Clients can do their transactions by themselves by applying electronic banking. Consequently, bank staff don not have transactions with client and the chance of sell side to the client reduces finally because of doing electronic banking through computer networks. Only it will be used for clients who have necessary ability of technical and skill.

#### **Importance and necessity of electronic banking**

Nowadays, the rate of doing work in the world, participating in information, protecting commercial communications and guiding merchant transactions by communicative networks, have become a certain principle. The main quality of these activities is facility of trade and administrative process, deletion of unnecessary process deletion in doing affairs, reducing costs through improvement and increasing coordination, reducing administrative costs specially facilities costs and assess improvement to the costumer, increasing variety of the presented services. Financial institutions are funding in the modern information technologies because of three reasons: these situations forecast that are capable of reducing operation costs by removing mistakes which are derived from information manual entrance.

Institutions observed good occasions which could protect their present costumers, and obtain new costumers through proposing products, new services and amplification of existence service values

(Jafarpoor, 1369, page56). Institutions will be able to improve and implement systems and information management technique by powerful information storage technology. For example, in cost aspect, annual 120 billions rial imposed to national economy for gathering and elimination bill, while, establishment of electronic banking and elimination bill; while, establishment of electronic banking in addition to promotion of service quality level, reduce the banks costs between 60 to 70 percent. The most important quality which can enumerate to electronic banking is establishment of quick relationship with all audiences and presentation of services based on singular needs. Now in one hand, state bank system has believed that electronic instruments are used in the banks, and it determines for administration of executive regulations, and on the other hand, the lack of timely presentation of bank service through bank system is considered as a serious barrier toward improvement of banks services and consequently economic improvement that make researchers to choose barriers and guidelines improvement of electronic banking for their researches subject which be realization these following objectives:

- a) Being a ware of services which are provided to the costumers, at present.
- b) Recognizing the most important and most basic reasons for the lack of electronic banking improvement in country.
- c) Helping to improve electronic banking through declaration and definition the importance and setting of electronic banking in the country.

#### **Electronic banking services**

Presented services by banking are including:

- 1) AMT machines or cash machines which make the bank to be accessible in 24 hour. The most common instruments that used in banking are cash machines. Cash reception and deposit or transfer money between different accounts are the most important services of ATM machines that they are done through plastic cards and pin code. In the recent years, most of banks proceed to present services which are related to bank cards. All of these cards are in the form of assets cards that are identified as credit cards. The property of these cards is that can purely use from these cards by depose resources in account related to cart. Useful technology in these cards is both magnetic and electronic chips cards.
- 2) Direct Deposit that is used for paying or checking investment account and also for paying bill such as: electricity, telephone, insurance, .... In this service, user is allowed to receive and pay and system automatically does these operations and instead of user.

3) Pay by Phone that user allows to doing payments or payment transfers between different accounts through telephone connection.

4) Personal Computer Banking gives permission to user for accessing to account or money transfer through personal computer. It is possible to observe bills, money transmission between accounts or order of payment bills such as: water, electricity and ....

5) Point of sale transfer provides the possibility of sale and its cost payment through plastic card that may be done through the same ATM plastic card. In this situation either there is enough money as a pre payment in user's card or this payment is done through credit and then is paid to the bank or financial institution by user.

6) Electric Check Conversion that changes paper check to a electronic payment order in pos (sale point of) or other places. For example, when check is presented in a store, is controlled to deliberate its store through electronic process. When check confirmation is received, the possibility of money transfer is provided from user's account to seller's account by endorse it and paying to the buyer (Lali, 1382, page65).

#### **Strategic approach to electronic banking, bank system necessity**

Increasing improvement of trade and economic communications on global village and functional complexity of systems and different economic institutions that work in the national, local and international different levels, cause to establish series of common systems and coherent structures in credit and finance structure. Combination of organization and large institutions which work around the world, and for obtaining more markets, trade free areas improvement, enacting international trade rules, ....All of these show that global economy is passing to new overseas era that economic changes of an Asian country become effective and even contrariwise. Then, to keep pace with quick and variable changes and consisting with them, they (changes) should be studied carefully and the best solution should be chosen to match the country with that special phenomena, as you hear frequently present age is called information revolution age (Bayat, 1384, page12).

The importance of this naming is in information certain effect in all routine changes of the world, as all political, economical, cultural, military orientation, especially economic of that, have done in this era by using information. Improvement of information and communication technology positively influences on scientific, economic and social different aspects of community which use this technology. Nowadays, improvement problems experts never consider to special cases to verify improvement

indexes, but they evaluate direct and indirect influences of each effectively factors in combination of the other factors. Effect of applied and scientific instruments in different social activity specially, economic structure causes to provide changes and renewal in traditional attitude to business and market subject. Daily improvement of Internet provided a proper land and favorable context for establishment of economic and trade transactions in different countries, and a number of people who connect to global internet network, and improvement of electronic communications among people and different organizations through virtual world internet. With regarding to accomplished mass changes economic structures and financial systems, the role of banks has become more important as an effective organs in economy. So it requires that banks also be the origin of new development. With this consistent, that information technology and different users that are increasing as an efficient instrument is considered from institutions managers and finance organizations, then more motivation has created in managers of most economic organizations to consist their activities with features information communication technology. One of the most important and prudent of its reasons can be access to trade objectives in global level. Banks never have been exceptional to this regulation and they are not too. Presentation of new banking services procedures by using different information and communications instruments is considered by mangers of all state banks. Technology process in banks that I remember it as a third wave reforms in bank system that indicates concern, look and attention in the ground of economic and trade problems and consequently bank problems. We should not neglect this problem that global contemporary changes specially, on economy is a result of convergence streams and different problems. Among this, banking also has not been unhelpful from changes like: information revolution, fund stream, technology changes and organization revolutions. So, with a correction circuit in the ground of new services banking presentation, can locate strategic reform of state bank systems.

Firstly, keeping pace with global changes, secondly, this capacity should be provided in cultural, scientific structures and banks human resources for reception quick adaptation with new situations from organic and organization aspect. Accurate over view should be done to all structures and available elements in bank and financial transaction structures in strategic reform technology of the state bank that better instrument and service are injected to the system for optimizing work action. Strategic reforms in bank system, with the aim of electronic banking services improvement should carefully consider internal and external variable

situations and also, changes which have been done in economic policies of the stats. Encouragement people to use from modern systems, study, demand comparison and implementation of especial designs with high active abilities should have done by public (Tofighi, 1376, page41).

Improvement of employment with specialty democracy view is possibility of banked healthy competition improvement by using of definition and distribution of new and different services for people. Improvement of investment in new stage such as: desired operations for changing traditional banking system in electronic banking that certainly will provide the ground of different experiences. Banking reforms based on information technology with following a futuristic view provide the necessary ground for exiting from existence status and access to good condition. Electronic services can be divided in different categories such as: banking net base, mobile banking, cash machines (ATM), credit & smart cards, electronic payment systems, electronic transfer payments. This new bank services that all of them are the result of substructure and technical improvement of information technology in state bank structure For being in the path of strategic reforms which are based on technical view, should be able to change bank system and their services basically, in two quality and quantity directions. For example, in banking system through mobile, it is possible for people to receive their required services and information through mobile, then their unnecessary reference to the bank is prevented. In this procedure, consumer receives the information about changes of his/her account, and issued the orders based on transferring payment from one account to another account regarding to all interpretations. Strategic reforms in electronic banking system for having technical and scientific differences have more importance than traditional system. Then should consider following items in this case:

1. Improvement of studies designs and demand deliberation: regarding to assessment projects problems of any system are evaluated by using sex pert studies and, then to choose any technology first it is better to do assessment. In addition to implementation of the most effective technology, should be prevented from wasting time, fund, and lacking of solving the problem.
2. Selection and technology implementation: After assessment should proceed to the choice and implementation of specially technology that has the most and the highest efficiency and possibility of needs satisfaction of course, we should not neglect that implementation process itself concluding different experiment process and matching and updating.
3. Improvement of human resources knowledge: One of the most important training indexes and of a

technology in bank system is being high and keeping pace with guided human power knowledge of these systems.

4. Encouragement and persuasion and public trust attraction: although electronic banking systems become very accurate and efficient, they are not welcome by public until they are not confirmed through legal and security aspects. Then technical and commercial direction should be in direction that practically technology is accepted by client, by providing his/her heartsease.

5. Considering to qualitative and quantitative improvement of services: another positive aspects of technology improvement are different quality and quantity.

6. Considering to services improvement at time and place: regarding to this view that any decision of technology improvement, should matchup with time and place. It means every body at any geographical location as 24 hour in a day and 7 days in week should receive his/her required service of the system 4 matching and supporting other economic organs: they are in direction of taking advantage from new systems in their structure,

8. Engineering organization system: regarding to clients communication management systems, because banks are as the one of the largest organizations which their most important work is with costumers all these speeches show that guide line reformation process in the state bank system for electronic banking implementation requires fir determination to provide change and modernism, today regarding to the needs and capabilities of state is the best time for over view state bank structure and codification project for strategic reforms implementation in its level the reforms that certainly should base on knowledge and information technology of the world today banking new services presentation which called electronic banking (Moghaddasi, 1382,page245).

#### **Electronic banking models**

There are two common models for electronic banking that concluding: electronic bank, electronic branches. An electronic bank is the institution that only exists on line (on internet), and has no physical branch. This framework of work causes that we can have a bank that do not require paper affairs, it is not restricted to special geography areas and never its door is closed to the users, and it can give service 24hour to clients. The reason of existence electronic branches model is that all internet users and banks costumers should take advantage from electronic banks services, and common bank should give this opportunity to their costumers, by presentation of internet bank services so that, they experiment this new kind of banking and gradually, they absorb because of bearing pressure that electronic banks upon common banks, common

banks proceed to establish internet help banks for themselves (Saeedi, 1381, page139).

#### **Electronic banking channels**

To present electronic banking services, there are different channels that some of them are: personal computer, personal processor help, kiosk, networks management, fixed telephone, mobile and cash machines. In networks management procedure, banks for communication with their costumers and services presentation to them, they use the networks, which is established before. Bank through establishment of an internet site and introducing it to the customers, makes relationship with them and gives service. In telephone banking procedure, telephone (such as fixed and mobile) is a communicative instrument of bank with its costumers and in this way, banking services are presented. Finally, banks can present different such as: cash withdrawals, deposit, payment transfer, bills payment, through cash- machines (Kahzadi, 1382).

#### **Electronic Banking Branches**

Regarding to channels which are mentioned in electronic banking; related to market needs and possibilities, electronic banking in following branches is presented:

1. Internet banking (by using personal computer)
2. Banking based on telephone (fixed, mobile) and its related technologies.
3. Banking based on fax
4. Banking based on cash machines
5. Banking based on sell terminal
6. Banking based on electronic branch

#### **Electronic banking advantages:**

Regarding to that electronic banking has close relation ship with business and electronic state, advantages which can be accessible with electronic state administration, also are accessible in electronic banking, like: efficiency increasing, facility and speed in doing affairs. Protecting the in ironmen the most important advantages of banking administration can be explained as following: electronic banking can pace effectively toward reduced state cost. Regarding to plentiful cost of not printing that is reduced through electronic banking, and also regarding to that reduction of note transfer directly influences on public hygiene and according to reached statistic annually 3/7 million berg notes are in the country like Iran, that according to 70 million population in Iran, capitation of every on is 100 berg notes which this number among industry country for every one is 12 to 16 berg notes and even in countries like India and Pakistan is 40 to 50 berg notes. Annually, about 120 milliard rails cost for separation and accumulation these notes in Iran that if part of this cost is inflected to improve electronic banking, many difficulties will be solved. electronic banking interests are not only related to the state, banks also by reducing visitors, additional and

administrative costs, operation reduction can talk many steps in appropriate service to the costumers of course, electronic banking advantages from short-term, middle-term long- term aspects can be survived. Identical competition, protection and absorption of customers, are the important electronic banking advantages in short time (less than one year). In middle- term (less than 18 months) electronic banking advantages are: different channels integration, information management wide range of client, customer guidance toward good channels with desired qualities and costs reduction.

The most important electronic banking advantages in long term are: cost reduction of transactions processing, services presentation to the costumers of target market, and money Iran. The other characteristics of electronic banking are accuracy increasing and health work. Preventing from is the other phenomena which will be solved by this system. Electronic banking establishment is one problem that is effective in costs reduction and clients' accelerated work and leads to culture promotion of electronic banking. Existence of these legal regulations and rules in this context, is also necessary. With digital signature, measures are taken in order to handle electronic mistakes and violation so that necessary security is created in these systems.

In structure practices adopt, that lead to provide necessary software of electronic banking should be considered. In acceleration system of banks, hard ware & infrastructure facilities should be done. Telecommunication substructures with ICT ministry that network development is proportional with community need. The other important advantages are: reducing of urban traffic and consequently air pollution reduction. At present, activities focus toward organizing traffic based on national highway network construction, public transportation improvement, travel application management, transportation systems guidance, time-place traffic management. Banks as intermediate between customers and investment have an important role, toward consistent development among this, the main solution in order to bank system effective on traffic reduction is making bank operations be electronic. By administration new service procedure to the citizen specially, electronic services it is possible to delete 70 percent of trips within the city. The most important guide lines to achieve this goal are: providing electronic state and doing electronic business and developing of mobile services. Development of mobile services is one of solutions to reduce travel applications. But unfortunately the main application of mobile in country like Iran is limited to send millions of S.M.S which are unnecessary. While it can be used to improve electronic service, present payment about

600millions telephone, electricity, water, gas bill are the main reasons for trips within the city, during the year. According to primary research, the reason of 20 to 25 percent trips witching city is for different bill payment to the banks. Annually, in Iran 240 milliards tomans costs are expended for bank operation of bill payment, equally their production and distribution, and equally, for its cash payment to banks. It means, annually 720 milliards toomans costs for in correctly bill payment. That it can prevent by electronic services. Then regarding to these mentioned reasons, development of electronic banking in country like Iran specially, Tehran city is inevitable in order to reduce traffic and consequently, pollution reduction.

#### **Required substructures and platforms for electronic banking Development**

Regarding to width and variety of communication and information instruments and available capability and requirement in banked systems and developing projects of bank systems in electronic platforms first, we should know required structures in E-banking development. (Economic Crisis- committee- 2004)

The most important and effective instrument in the beginning of E- Banking process is public access to infrastructure platforms of Electronic-communication. In E- Banking- management related to type of services and expectations we have from new service. We should enjoy the best communicative instruments. The most important characteristics which is mandatory to choose this instrument is paying attention to the first- principle of E-banking, that means place of client-circuit in using of E-banking systems. These instruments are concluding using of E-global network with proper bandwidth. Internal network such as: WAN, LAN Internet, satellite systems, fiber optic lines mobile wide network, fixed telephone wide network.

#### **Electronic Banking Effects on Banks Organization Structure.**

The main functions that banks undertake are: processing any kind of check, services presentation, bank services sell and advertisement, impact point of costumers to receive information and answer to their question and main site of bank staff to do their duties. Banks brunches have a positive role to improve banking. Because first: branches introduced people to services level that bank presents. At present branches of banks are the only way to increase costumers and their absorption.

Secondly: existence of a large branch network throughout country automatically provides public trust and makes people get familiar with that bank. Third, existence of wide brace network cause banks advertise widely. In this context, they are a head to banks which have limited branches. Fourth: Despite of increasing competition between banks and difference increasing

between the speed of services presentation one proper area in which bank branch establishes still has the important role to consumer decision.(where consumer opens his /account). According to banks branch role in banking improvement, we should pay attention to this point that certainly, costumers receive all services of a bank through its branches. But the problem that customers encounter is when customers of one branch want to cash their checks quickly or they immediately need available cash in their deposit book, should refer to their branch and they should spend too much time in this case. In traditional banking all services for a customer who have opened account in one branches of that bank only is presented in that branch. The customer will not be able to use presented services on line. Certainly, the structure of traditional banking with improvement of information and communications technologies can't satisfy costumers' needs and causes the structure of bank encounter with problem (Keshtgary,1381, page14).

Note, check and bank documents are the most important ownership transfer instruments in bank system. But among them, note has a special position, specially in traditional banking. In traditional banking it is impossible to cash transfer without presence at bank and filling different kinds of forms, in most cases, it takes several days that transferred cash practically deposits to the account other cities or even in the same city. In traditional banking, it spends too much time for payment the costs of water, electricity, telephone, gas and money transfer from the accent to another account. Customers should stand in line for hours. In traditional banking none of this work is practical, without cash payment and still, this system depends on pen and paper (Tofghi, 1386, page12).

In addition to mentioned items, the main problems and bottlenecks that traditional banking encounters with them are: (Lali, 1382, 12-13)

Money- transfer: one of center- bank duty is money- circulation throughout country; then, after printing money, it should be sent to required area. But money- transfer always is an expensive and dangerous work, and it requires special cars for money transfer, experienced guard for physical protection, weapon and other things which are done. Publishing and printing, note providing paper bills because of security & protection feature and its type always requires doing currency costs.

Bank affairs and Bank Documents:

Bank documents are part of legal rules, their keeping and protection as a physical and original is necessary, during 10 years After 10 years, they are kept as a micro film or the same procedures. Researches have shown that more than 17% of banks area, are used for keeping and protection of these documents. Payment & reception a bank permanently

deals with finance information, and costs for keeping this information. Consumers also for withdrawing & depositing money in a bank account, should complete related documents and deliver to booth after controlling the documents, counter registers inserted information in computer. Registering information is consuming time and lead to make line near the booth. According to calculation reported in commercial banks tooth clerk's 27% useful time is spent to enter information and control them. All these problems are in operation and structure of traditional banking, researches which are done by global bank warn about transferring 70 kinds of illness through note and also, researches declare that annually, in an industry countries, note capitation for every one is between 12 to 16 berg notes; finally, regarding to presence of internet and technologies related to IT, and its effect on all life aspects specially in the context of business and banking has lead to pass through traditional banking to electronic becomes mandatory. Regarding to fast and increasing changes of finance, commercial, bank systems and their communication with electronic development systems, there is no room for activities derived from traditional banking. And there is no doubt that in offing will be abolished. To pass through traditional banking to electronic banking, following items should be considered:

- Change of organizations managers
- View- culture platform of organization internal
- Receiving technology and providing structure for security of software & hardware equipments.
- Using of information development technology
- Change in bank service presentation system in order to present accurate, fast service to customers.
- Branch reduction and moving toward without presence banking to reduce costs of investment in providing branches. – preventing from wasting time and unlimited bank work hours.

### **Effective Guidelines in Electronic Banking Development**

In order to electronic banking implementation in developing country, we should verify it from different aspects, like: culture and training of people, development of community substructures, specially telecommunication, electricity, providing motivation in bank itself to transfer service to private section and making their service be electronic, .... Administration and implementation of E- banking including following processes:

- Providing required finance and technical substructure system for E- banking
- Giving information

- needing of codification of legal laws and institute E-banking  
 -manufacture of culture  
 -change in banking operation structure and its proper  
 -deliberation of attention methods to infraction  
 -training of application, guide line and technical staffs  
 -people training toward reception, trust attraction, and using new methods.

- Providing and equipment telecom substructures platform. ( soft ware, hard ware)
- Making the bed of legal problems and providing electronic trade rules
- One of the problems is the effect of economic sanctions on importing developed equipment and soft ware, that these facilities and soft ware plat forms can be provided by investment upon Private section and supporting of ICT associations in country.
- Creation of motivation in state banks structure to transfer bank IT service to Private associations.
- Integrating of bank system that information flow is transferred to capital banks as online and perfectly.
- Providing a macro policy with strong Performance guarantees (Lali, 1382, 14)

All these mentioned cases related to people, community and rules which are enacted in community, regarding to above cases, bank system itself should cooperate in E- banking implementation and does these following Cases:

- Study and documentation of systematic requirements, service and processes.
- Importing technology related to E- banking and guide it
- Consisting of processes, trainings, advertisements, marketing, ... with E-banking system.
- Projecting and development of new service and system.
- Definition of work circulation, Processes, service, methods and organization structure.
- Development and localization of software staff training and providing incentive systems.
- Providing relationship between software systems and integration of them (Bayat, 1382, page85)

#### **Challenges of E- banking system:**

Available Challenges in implementation of banking and electronic money are:

#### **challenges before system realization**

-lack of development of assessment and studies projects toward new technology implementation  
 -lack of selection and technology implementation efficiently in order to satisfy requirements

-lack of reception culture and little knowledge of banks about banking and Electronic money  
 -lack of bank management responsibility and lack of strong determination in bank system  
 -mismanagement in application of Professional experts In IT section  
 -lack of change in traditional vision systems about renewed engineering of processes  
 -lack of economic justification and necessary risk for using E- banking system

#### **Challenges during realization system**

-weakness of available in structure  
 -shortage of finance support and required credits  
 -lack of required Private institutions and lack of their support of E- banking such as: insurance institutions, third factors like CA, gate ways, and institutions like: VISA, PSP  
 -Lack of necessary content and user- friendly

#### **Challenges after system realization**

-Lack of rules and legal necessary environment, and lack of citation of electronic evidence  
 -Lack of people's tendency to reveal their economic Problems (self censorship)  
 -lack of user motivation and lack of culture for People  
 - Lack of trust and capability of trust for users  
 - Lack of security platforms such as: digital signature and public key infra structure (PKI)

#### **Available Barriers for Improvement of Electronic Banking Systems in Iran**

- Lack of enough attention to cultural problems.
- Lack of adequate to security problems.
- Lack of adequate support from state.
- Lack of users' adequate awareness about systems and their advantages.

#### **Conclusion**

With increasing development of information and communications technology in all respects, E-banking subject is considered by our stamen, they present services to their citizens in order to keep pace with other countries. Available information and statistics show that changes of growth rate in the context of banking- electronic in our country move slowly, because of following challenges and problems and lack of necessary infrastructures. Regarding to E-banking advantages which the most important of them is citizen' security and health, guidelines of improvement and meet the challenges are presented in four general aspects.

With its administration, we can help to grow E-banking in our country. With improvement of information technology and communications, all life aspects, have changed deeply and basically.

This process is continuing. It can be said that that lack of paying attention to this process and delaying matching with this process, cause disorder in economic, political, social relationships.

Presentation in global markets by using effective and successful methods is matching requirements with present international system. Certainly, taking advantage of information technology in different context of finance and commercial is one of necessary instruments for increasing commercial efficiency in national economy. Establishment of bank national system that communicates with international systems as well as it present new bank service stability of electronic commercial system in state is necessary. In this context, since 70 decade preceding have begun, and during 5 years ago by providing some necessary infrastructures (such as telecom & legal infrastructures) its growth have had increasing acceleration. But there is long way to reach target and compensation of waste time. In this way, paying attention to some activities and accelerating to them (that it will be mentioned in proposals chapter) can be effective to shorten this way. In traditional banking accumulation of money is important in a time period, while in E-banking money- circulation is important. The aim of E- banking is lack of referent to the bank. But, In Iran without reference to bank nothing is possible. Saderat banks with "sepehr" plan, keshaversi with "mehr" plan, melli with "Siba" Plan, Rfah with Jari hamrah plan, mellat with "Jaam" plany, have proceeded to limited and E-like activities, and by issuing cards encourage the customers to use them, while these cards practically have little advantage. For a few years ago, these cards have become popular. But only slightly a number of visitors have reduced and it hasn't been useful to reduce bill. In Iran, annually one milliard and 200 millions worn berg notes are burned in Iran life notes is less than 2 years. In Iran, average 15 millions of dollars spend for notes printing. In addition to 60 percent of present reference of people to bank network is for dash reception or payment. Macro and basic view to E-banking problem can provide structural change in state bank system. It needs special attention from policymakers and legislators to codify necessary rules and regulations in E- banking and long- term planning for its development. In this structure, we shouldn't neglect options like: insurance, customs, bourse, transportation and so on.

Because of, each case can effect on E-banking, positively or negatively. We shouldn't neglect that E-banking in Iran will provide presence of foreign investors and will be effective in exports improvement.

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