

Technologia Informacyjna (Information Technology - IT) daje firmom różnej wielkości możliwość uaktualnienia i unowocześnienia swoich kontaktów z bankami. W referacie podjęto próbę przedstawienia zalet i możliwości, jakie, przez stworzenie nowych modeli współpracy z bankami, daje wprowadzenie rozwiązań IT w rozwoju firm. Technologia Informacyjna daje firmom szerokie możliwości zwiększenia elastyczności działania, zarządzania finansowego i odbudowy strategicznej pozycji na rynku. IT daje także możliwość podjęcia zupełnie nowej współpracy z instytucjami finansowymi.

Wydaje się, iż te szanse nie są w pełni wykorzystywane przez firmy. Przyczyny można doszukać się w braku informacji na temat potencjalnych zysków wynikających z tego typu współpracy, a także z przekonania, że e-handel nie jest najwłaściwszym kierunkiem dla małych i średnich przedsiębiorstw.

## INFORMATION TECHNOLOGY INFLUENCE ON SME DEVELOPMENT IN BANKING SECTOR

### Introduction

In almost every study devoted to the problem of IT usage, the authors are focusing only on the aspect of sophisticated systems, like ERP, SCM or CRM, implementation, and the Internet as a wonderful platform for marketing actions, avoiding the aspect how the company is able to manage its bank account(s) by using Internet or office banking and what the bank can do for companies to improve their development.

As it is presented on the report Small Business Project<sup>1</sup> 90% of all enterprises in Polish economy are small and medium size enterprises and they hold shares in 45% of GDP, and the one-man companies are almost 70% of all close companies. According to Polish regulation there are three criteria of how we considering the SME<sup>2</sup> but to this article needs we decided to use only two of them – the employment and net profit criterion (see Tab.1)

	Criterion	
	Employment	Net profit from products/ services selling and other financial operations
Small company	up to 50 employees	up to the amount of €7 mil.
Medium size company	from 50 to 250 employees	up to the amount of € 40 mil

Tab. 1 The criterions of SMEs consideration

### *Small and medium size enterprises and Banking: preferences and possibilities.*

The results of research carried out by Fundacja Edukacji i Badań Rynkowych at the turn of the 2000 and 2001 on small

and medium size enterprises [SMEs] shows that SMEs have almost the same requirements for bank services and level of their quality. From the company business activity point of view, the banking service/products of biggest importance are the following<sup>3</sup>:

1. current account
2. bank credits
  - operating loans
  - overdraft
  - commercial credit
3. debit, credit or charge cards
4. payment order
5. financial and taxes advices
6. credit debit
7. travel checks
8. deposits

Moreover most of the small and medium size enterprises are still regarding the traditional bank branch as their main way of managing their financial resources. As it is shown on Tab.2 the main criterion of preferences on a field of SMSs cooperation with the bank is still the company representatives contact with the bank instead of home banking (7 position) or Internet banking (8 position)<sup>4</sup> Also the bank's branch location is a key criterion of bank choosing.

	<b>The preferences on a field of SMEs cooperation with the bank</b>
<b>1</b>	Company representatives visits in the bank/ bank branch
<b>2</b>	ATM
<b>3</b>	Phone banking
<b>4</b>	Care line (0-800, or 0-801)
<b>5</b>	Bank representatives visits in to the company office
<b>6</b>	Non-bank financial institution services (e.g. credits)
<b>7</b>	Home/office banking
<b>8</b>	Internet banking

**Tab.2 The preferences on a field of SMEs cooperation with the bank**

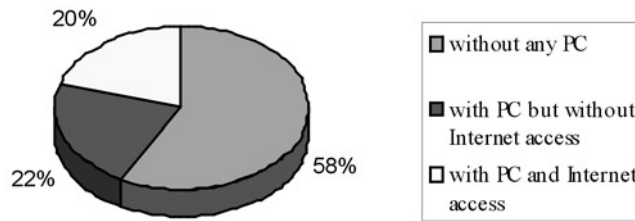
Sources: Research carried out by FEiBB, Bankowy rynek małych przedsiębiorstw, Bank nr 11/2000<sup>5</sup>.

Those figures gives rise to a question why, from the one hand, SMEs still prefer to use traditional bank services, instead of alternative electronic one, even if they are known as cost and time saving services? While, from the other hand, those alternative bank's distribution channels are being considered as main banking services by significant group of small enterprises in near future, about 26.5% are go-

ing to use office banking and 27.5% Internet banking<sup>6</sup>.

We are convinced that the problem is with the Internet access. Nowadays not too many small and medium size companies are using the Internet to their daily business operations. The figures taken from research carried out by Demoskop at the turn of the November and December

2000<sup>7</sup> show that almost half of all respondents have never considered Internet as a useful tool for doing business (Fig 1.).

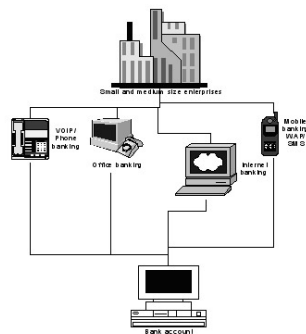


**Fig.1 The PC and Internet penetration in SME.**

Sources: „Tylko Internet” Special issue of Networld magazine 2/2001 p.28

Also the lack of knowledge about what the Internet is and how it could be deploying into company's structure in order to maximize company's opportunities for achieving strategic market position could be a problem. The characteristic feature of small and medium size enterprises and particularly close – companies is concentration of all of management function around the owner of the company or the authorized person, what means, that such enterprises are potentially endangered by high resistance to change. The most significant

differences between traditional banking services and electronic is that the traditional are able to provide only into bank's branches and those electronic give the ability not only to see the account balance but also to carry out all the financial operations. Moreover the electronic banking, because of variety of distribution channels and easy to use interface/infrastructure, gives the company a lot of possibilities to improve its own financial resource management by rationalizing the whole process of financial decision making (see Fig 2).



**Fig. 2 The possibilities of manage bank account using electronic channels**

Sources: private study.

It is said, that the electronic branch is open 24 hours per day and seven days a week wherever you are, so it is up to you, then you “go” there. Furthermore electronic banking definitely shortens the time needed to carry out all transactions - to make a money transfer from company’s account to another bank takes a few mi-

minutes, what is more the transfer is activated at once. For all enterprises the cost of opening and maintaining the account is also very important. Tab.3 (see below) presenting the example of comparing the cost and interest rates for opening, maintaining and carrying out the basic financial operations.

	Cost of financial operation in PLN					Interests in year time range		
	Opening account	Maintaining account	Money transfer	Cards payment	Payment order	Loan	Interest rate	Overdraft
<b>Bricks and mortar</b>	30	20 per month	3 per transfer	24 per year	0.6 per operation	19.75%	1.5 %	26.33%
<b>Internet banking</b>	0	8 per month	2.5 per transfer	15 per year	0,1% from all monthly transaction	-----	1.5%	-----
<b>Office banking</b>	300 software installation for 1 workstation	30 for 1 account	3 per transfer	24 per year	0.6 per operation	19.75%	1.5%	26.33%

**Tab. 3. The cost and interest comparing**

Source. <http://www.pekao.com.pl/tabele1.xml?lang=PL/300366-328235-13483>

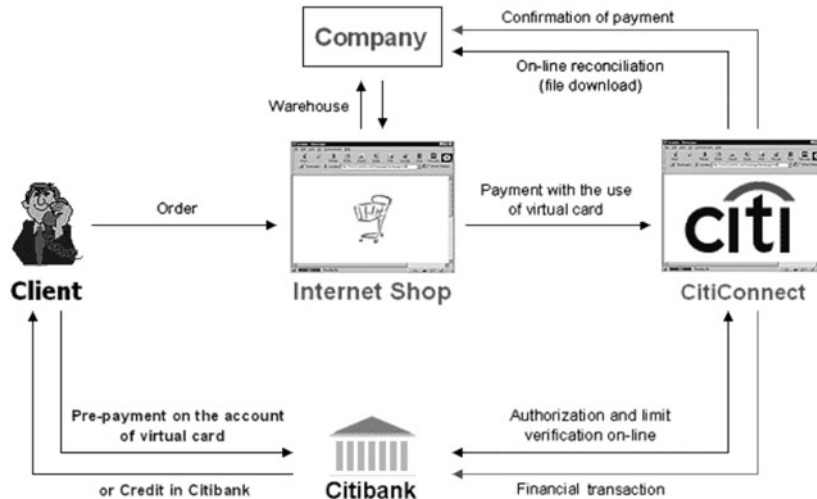
How it is presenting in the Tab.3 the internet banking is the cheapest way for managing financial resources, but the problem is only with lack such important services like loan or overdraft in it.

In globalization and shrinking markets times SMEs are pursuing to optimization all of the process also including costs (by the meaning of eliminating the losses not the operation costs) and looking

for new market niche to achieve their strategic aims, also by finding e-commerce as a chance to do this. Here bank, as in traditional business model, could play a role of trust institution. This role is being strengthened specially into the virtual markets by playing the mediating role among the players who want make deals in e-business transactions. This function is first of all displayed, when the bank plays the role of e-business architecture deliver (the architecture for micro payment like e.g. CitiConnectSM). Such solution moves the

responsibility for the electronic payment from the Internet shop or company selling its products in to B2B channels to the bank

and increase level of trust to the company (especial this without well known brands) by locating the bank as a main institution of closing the deal (see Fig.3).



**Fig.3. The payment diagram of using CitiConnectSM**

Source: [www.CitiConnect.com.pl](http://www.CitiConnect.com.pl)

This would improve company's operations management too, which follows from the specification of this product. Into the transaction with CitiConnect the company must specify the destination account and on the other hand the buyer must decide which: credit card or account must be charged by bank for the transaction already made. What, as it was mentioned, makes doing business easier and allows the company to concentrate on creating itself the opportunities on new market and exactly taking the advantage from the effect of scale and range.

Summary: Information Technology gives the company wide opportunity to in-

crease their flexibility on operation, financial management field, and the chance for rebuilding their strategic position. IT also brings to the company the possibility of taking the advantage of completely new level of cooperation with the financial institution.

In our opinion those opportunities are not fully used by the company, and we set the sight of this problem into the lack of information about the advantage taken from the variety forms of cooperation possibility with the bank and the electronic banking usage as well as into the conviction that e-commerce is not exactly the right way of doing business for SMEs.

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13. <http://www.pekao.com.pl/tabele1.xml?/lang=PL/300366-328235-13483>
14. [www.CitiConnect.com.pl](http://www.CitiConnect.com.pl)

**(Footnotes)**

- <sup>1</sup> Raport o stanie sektora małych i średnich przedsiębiorstw w Polsce, Fundacja Promocji Rozwoju Małych i Średnich Przedsiębiorstw, Warszawa 1999. <http://www.parp.gov.pl/statlatami1999.php>
- <sup>2</sup> CK Euro Info, Centrum Informacji Gospodarczej przy RAR „INWESTOR” sp. z o. o. w Rudzie Śląskiej, PARP Ustawa Prawo działalności gospodarczej, 8.01.02r.
- <sup>3</sup> Badania Fundacji Edukacji i Badań Bankowych, Bankowy rynek małych i średnich przedsiębiorstw, Bank nr 11 i 12/2000.
- <sup>4</sup> Ibidem
- <sup>5</sup> Medium size enterprises have almost these same preferences, but they did not mention Internet banking and they put home banking as the last banking service they want to use. Furthermore the preferences were not changed in this same research carried out in 2001.
- <sup>6</sup> Research carried out by Fundacja Edukacji i Badań Bankowych, Bankowy rynek małych i średnich przedsiębiorstw, Bank nr 11 i 12/2000
- <sup>7</sup> „Tylko Internet” wydanie specjalne magazynu Networld 2/2001 pp. 28-29