

# **The future of distribution system in retail banking: strategy, resources and technology**

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## **Introduction**

The European banking sector is beginning a period of considerable change and consolidation. Over the last five years the new information technologies and the new communication infrastructures have become revolutionary forces changing business models, cost relations and not least the nature of customer relationships. Cross-border consolidation and expansion, evolving distribution channels and shareholder pressure show a dramatic impact on the dynamics of retail banking in Europe. Competition from the non-banking sector, fiscal and monetary policies, globalisation of financial markets and systems, incessant introduction of new products and services to the customers, increased mergers and changing practices are changing 21st century banking in a remarkable way.

All this has led to a new marketplace in change and flow: old players adapting and new players entering every possible segment of the market with faster, cheaper and more specialized services. The industry of universal banking is restructuring and the customer has never met a richer supply of information and services. The old relationship between bank and customer is changing. Faced with intensifying competition and declining profit margins, institutions are now looking beyond their existing business models to identify profitable opportunities for the future.

**Objectives**

The purpose of this panel is to contribute to the knowledge and understanding of the future of retail banking as it is being shaped by the current forces on the financial markets.

The panel is addressed to people interested in the financial industry. It will give an overview of the banking market structure by providing a vision of the status of the banking scenario and of the distribution structure in Germany, Italy and Switzerland. It will discuss key concepts of retail banking such as strategy, resources and technology adopted by the banking actors and how they are strongly interrelated in defining the success of banks. The panel aims at giving a vision of the actual situation and providing future directions and forecast of the banking structure in the next years.

Specifically it is aimed at:

- better understanding the change of the markets of retail banking – past, present and future – in order to improve the definitions of relevant research directions;
- evaluating the direction of the ongoing market, with regard to actual and foreseen changes in the banking environment and in other conditions which affect the banking function;
- defining future perspectives and future business models and to provide information on e-banking, competitors and future market directions.
- bringing together information systems researchers from across Europe in order to find out whether common research interests can be transformed into joint project ideas.

Specifically Prof. Marco De Marco will chair the panel. He will make some introductory remarks and tie together the panellists statements.

Prof. Marco De Marco is Full Professor of Information Systems at the Faculty of Management and Business Administration of the Catholic University of Milan and here he coordinates some activities of CeTIF- Research Centre on Technology Innovation in Banking. He co-ordinated and participated in several national and international research projects. Among them seven UE research projects and three ESPRIT projects, involving several European Universities.

His main research interests are:

- Impact of the Information and Communication Technologies on organizations, especially in the financial industry;

- Information Systems development;
- Information Systems costs evaluation.

He will provide an overview of the organisation of output processes, particularly regarding the phenomenon of sourcing. He will also provide a vision for the distribution structure considering the management and the integration of distribution channels and the level of investments.

Prof. Dieter Bartmann is Full Professor of Business Information Technologies at the Faculty of Economics at the university of Regensburg. He is founder and managing partner of the “ibi – Institute for Informatics in Banking”, coordinator and editor in chief of several national and international research sections and journals, and host of the annual conference “CIBI – International Conference on Innovation in the Banking Industry”.

His recent research sections comprise:

- Information systems and their strategic impact on financial service providers
- Monitoring of Information and Communication Technologies in regarding the financial service industry
- New structures of the banking market in an IT-driven economy.

Professor Bartmann will introduce his presentation by giving a summary of the status quo of the banking market structure in different European countries. He will continue by showing IT-driven trends and strategies in the financial services market, especially the organization in value networks.

Professor Arnaldo Camuffo is Full Professor of Organizational Behavior at the Department of Business Economics and Management of University Ca'Foscari of Venice. He is author of several publications regarding Strategic Human Resource Management; currently he is in the Editorial Board of The Journal of Management and Governance and of the International Journal of Innovation Management.

His main research interests are:

- Strategic Human Resources Management;
- Work organization and organizational structures;
- Labor relations.

He will provide an overview of Human Resources Management in retail banking sector by examining the connection between employees, work satisfaction and

productivity. He will continue by showing the evolution of human resource planning models and organization development in banks.

Prof. Robert Winter is Full Professor of Information Management at the University of St. Gallen. He is also director of St. Gallen's Institute of Information Management (IWI) which runs several large research projects together with large Swiss and German companies, mainly from the financial services sector.

His main research interests are:

- Models, methods and tools for business engineering;
- Information systems architectures;
- Data warehousing and enterprise application integration.

He will present the results of a recently completed competence centre on architectures for networked retail banking. In this joint research project of IWI and six banks, models and methods for the consistent (re-)design of business, process and application architecture have been developed.

The presentation will take an hour, equally shared by the panellists. After the presentations, half an hour will be used to invite discussion and to identify common points of interest.