

How Lloyds Banking Group Uses Modern Technology to Improve its Efficiency

Module Code: BMSW4003

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Background of the Organisation

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Background of the Organization

- Lloyds Banking Group is the biggest financial services company in the United Kingdom.
- LBG has a 30% share of all UK current accounts, a 28% share of the mortgage market, a 22% share of personal loans, and a 20% share of credit cards.
- LBG has a connection with about two-thirds of UK homes.



Background continued

- There are 3,000 LBG-owned branches and 6,800 LBG cash points across the country.
- The merged group employs about 140,000 people.
- The firm has a worldwide presence in 36 countries and runs an international banking operation.
- The government controls 43 percent of the Group, LTSB shareholders own 36 percent, and HBOS shareholders own 21 percent.
- The work is mainly concentrated on three major areas: Retail banking, wholesale banking, and insurance are all examples of financial services.



Mission and Purpose

- Mission

“To partner with small and local charities to help more people overcome complex social issues and rebuild their lives.”

- Purpose



“Our purpose is to help Britain prosper. Through our products and services, we've served Britain for more than 250 years, across every community and millions of households.”

Challenges Before Online Banking

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Challenges Before Online Banking

- Things were done in the traditional form- customers had to visit the banks physically (Traditional Banking)
- Banking was slow because of high customer numbers who needed to be served physically
- Introduction of online banking replaced a lot of services offered by traditional banking.
(Chong et al, 2010)

Challenges Before Online Banking

- Interest Rates at a Low

This is because of the numerous crisis that banks like Lloyds bank faced during different financial crisis.

- High Bank Fees

This is because things had to be done manually hence people have to be paid better thus fees have to cover these expenses.

(Chong et al, 2010)

- Bank Branches were few in number.

Because more staff were needed thus more wages needed to pay workers

Reduced branches=reduced workers

- Reduced Number of Automated Cash Machines

Because of few bank branches

(Chong et al, 2010)

Challenges

- **Slow Service**

Things are done manually

- **Increased cases of theft**

People had to withdraw cash thus increasing theft cases

- **Loss of business**

Because of banks that already had online banking
(Aladwani, 2001)

- Increased pressure from competitors

Other Fintech organizations already had online banking systems

- Investor expectations were not met

High interest rates

Not being able to use banking services the way they would want

(Bradley and Stewart, 2003)

Insights to the Modern Technology-Online Banking

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Insights to the Modern Technology-Online Banking

- Internet banking is growing more popular among the general public.
- To offer additional high-quality Internet banking information.
- Increase your understanding of the idea and process.
- To alert others about the dangers of it.

Internet/online Banking

- Internet banking refers to the ability of any person with a personal computer and a browser to login to his bank's website and conduct any of the following virtual financial institutions:
 - Examine the balance.
 - Funds transfer.
 - Bill payment through the internet.
 - Interest, fees, and taxes have been accrued.
 - Each user's account transaction history.
 - Balances on accounts, credit cards, and house loans
 - Transfer money to third-party accounts that you choose.
 - Open a deposit from the station you are now seated at
- (Hossain et al, 2020)



How can one get access to Internet Banking?

- Bank registration for the services
- Login I.D
- Pin
- Internet password
- Go ahead and access the service at Lloyds bank



• **Merits/Demerits of Internet Banking**

Advantages:

- Convenience:
Available 24/7

- Ubiquity:

Anywhere anytime

- Transaction
speed:

Quick approvals

- Efficiency:
- Effectiveness:

(Hossain et al,
2020)

Disadvantages:

- Start-up may take time
- Learning curve
- Bank site changes
- The trust thing

Impact of Online/E-banking on Lloyds Bank

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Impact of Online/E-banking

- Bringing in High-Value Customers
 - ❑ E-banking often attracts high-profit clients with above-average income and education levels, which contributes to the amount of revenue streams.
 - ❖ E-banking contributes to the company's image as a customer-focused, creative organization. This was particularly true in the early days, when only the most forward-thinking companies used this medium.

(Hossain et al, 2020)

Impact of the Technology

- Increased Revenues for Lloyds Bank
 - ❖ Increased revenues as a consequence of providing e-channels are often reported, owing to potential growth in client numbers, retention of current customers, and cross-selling possibilities.

(Hancock, 2018)

- Led to Easier Expansion of Lloyds Bank
 - ❖ Historically, if a bank wished to grow geographically, it had to establish additional branches, incurring significant start-up and maintenance expenses. In many cases, e-channels such as the Internet have rendered this unnecessary.

(Hancock, 2018)

Impact of the Technology

- **Load Reduction on Other Channels**
 - ❖ E-Channels are mostly automated, and most regular activities, such as account checking or bill payment, may be done via them.
- **Organizational Efficiency**
 - ❖ Organizations must often reengineer their business processes, integrate technologies, and encourage agile working methods in order to adopt e-banking.

(Sonea et al., 2019)

Lessons learned from E-banking in Lloyds Bank

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Lessons learned from E-banking in Lloyds Bank

- Some basic concepts that have remained true from the early days of information technology use in the banking sector are as follows:
 - ❖ Customers must benefit from cutting-edge technology. Customers will not take negative change.
 - ❖ The use of information technology must assist business operations. As a result, choosing and developing the appropriate procedure are critical precondition for the (economic) success of technology adoption.

(Sonea et al., 2019)

Lessons Learned

- ❖ Prioritization must be done based on the economic potential of business processes and should not be based only on the ease of technological implementation.
- ❖ Cost savings from new technology are typically only recognized in the long run, particularly in the case of bigger expenditures.
- ❖ Higher needs, such as increasing quantities that could not have been managed without new technology, often drive technology adoption.

(Sonea et al., 2019)

Lessons Learned

- ❑ When it comes to “innovation,” you are not as unique as you believe.
- ❑ Your target group is determined by the distribution channel.
- ❑ Allow your business to stand out when you challenge the industry.
- ❑ Technology is still and will always evolve

(Sonea et al., 2019)



Conclusion

- Internet banking is transforming the banking sector and has a significant impact on financial relationships.
- Because it is the most cost-effective method of delivering banking services, net banking has become "more of a rule rather than an exception in many industrialized nations."

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