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Impact of Future Trends on Banking Services

Markku Tinnilä
Professor, Aalto University School of Economics, Department of Information and Service Economy, Helsinki, Finland
Postal Address: **P.O. Box 21220, FI-00076 AALTO, Finland**
Email: **markku.tinnila@aalto.fi**
Dr. **Markku Tinnilä** is Professor of Logistics (pro tem) in the Department of Information and Service Economy at the Aalto University School of Business in Finland. He earned his PhD in 1997 in the field of business and service processes. His research interests include efficient service structures, the modularization of services, business and service processes, and electronic business with innovative business models and revenue systems.

Abstract

This paper looks into long term future trends by providing a literature review and analysis of future studies. The future trends include long spanning megatrends in addition to shorter term forecasts of the forthcoming phenomena. Based on the analysis, some key trends are recognized based on their potential impact on banking services. The key trends are analyzed and discussed for their impact on future banking services. Finally, we draw some conclusions of the main development directions in banking.

Keywords: **Future, megatrends, banking services, service industry, e-commerce**

INTRODUCTION

Predicting future development directions is of interest to society in general. However,

forecasting forthcoming events and development directions is elusive, as the certainty of predictions is relatively low. Despite this, there are many studies focusing on analysing future trends with different methods. In addition to predicting shorter term development trends, future research deals with forecasting future states of long spanning and significant events and phenomena, as well as, their consequences. The future trends have differing impacts on society, economy, environment, business, etc. on both local, regional and global levels. These long range future development directions are called megatrends. The term was popularised by Naisbitt (1982), when he proposed ten major trends for the 1980s outlining the wide spanning transformation from industrial to information society. This transformation is now apparent in most industries, services and banking included. In fact, banking has been in the forefront of information society. To sum up, future trends have huge impacts on global and national economies and will lead to technological and structural changes in most business areas, service industries included.

Service businesses have been experiencing extensive transformations both at macro and micro levels (Sigala & Christou, 2006). Banking industry is no exception feeling the impacts of future trends. The industry has gone through drastic changes in recent decades, mainly due to deregulation, opening up of global and regional markets, development in ICT technology, and, last, but not least, due to consumers adopting the use of digital networks. The expansion of electronic home banking is definitely one of the most influential drivers in the restructuring of banking services. The previous dependence on large networks of branch offices has been replaced by digital services (Tinnilä, 2011). As consumes are increasingly using internet to purchase products and services, they need convenient, safe and familiar payment and banking services. Due to increase of mobile devices, this trend of digital self-services in banking, irrespective of time and place, can be expected to continue.

This paper looks into future trends shaping the societies by first reviewing megatrends and other future oriented studies. Secondly, we recognize the key future trends from the viewpoint of banking services. The selected services are then reviewed and analyzed particularly for their impact on banking, financial and payment services to recognize the requirements for future banking services.

FUTURE TRENDS

Global megatrends are predominant global forces that have their foundations in the past, are shaped by present actions and will transform the future ((Singh et al, 2009). The impact area of megatrends is wide, including geo-political and social development, cultural issues, economic trends, and technology environment. They also influence consumers every day in different regions, social classes and ages (Florin et al. 2007). As future development directions are uncertain to a high degree, they cannot be sufficiently predicted with e.g. statistical methods of analysing trends. For example, by analysing recent years, we can observe that use of electronic banking has increased continuously. If we assume this development to continue, we can predict the usage to double within a decade. This approach fails to take into account any limitations, specific drivers and enables, as well as, the stage of development in the growth curve. Accordingly, statistical trends should be used only at short term forecasting, and longer spanning studies use other methods, such as development of alternative scenarios. Future trends can be analyzed at global level, or they can focus on e.g. one industry. Typically global

level megatrends consist of smaller trends together describing a more general development direction (Aburdene, 2007).

There is lack of generally accepted terminology in future studies, and several terms used are overlapping. However, megatrend is generally accepted to be a trend extending over long time, even several generations, and with extensive impacts on society and environment. Typical examples include climate change, technology development, population growth, change in the population pyramid in developed countries, etc. Some researchers have divided long-term trends into metatrends, gigatrends and megatrends. These seem to be somewhat overlapping.

A factor affecting the analysis of trends is their complexity. They involve intricate and multi-step interactions between a large number of factors. Consequently, this increases the difficulty of forecasting the impacts of trends. Particularly difficult seems to be predicting the time table of trends. For example, societies can be at different stages of a recognised trend. Naisbitt's trend of transformation from industrial to information society is a representative example. North America and Europe can be maintained to be already dominantly at information society stage, while Asian countries, particularly China, has in a very rapid pace evolved from agricultural to industrial stage. India has partly evolved into information society stage, due to its ICT service industry, while also building industrial capacity. These regional trends also have impact on each other, as the growth of manufacturing industries in Asia affects the decline of manufacturing in Europe, and may also drive the information and service society development.

Metatrends are change processes that are conceptually and theoretically only taking form, but when realised will change trends, megatrends, and even gigatrends. Gigatrends are even longer term development directions, and are the "basic reasons" which change very slowly. Trend is an expected development direction based on extension of today's pace of development. Wild cards are trends that have not been recognised yet, but which may have great impact on future. Wild cards may be found to be observing weak signals, which are incomplete and fragmented data from which relevant foresight information might be inferred.

To summarise, there are different types of future trends focusing on shorter or longer terms analysis of forthcoming events and development directions. In this study, we use all types of trends for recognising the key future development directions from banking service viewpoint. Consequently, such major megatrends as climate change with no direct impact on banking services are omitted.

REVIEW AND ANALYSIS OF FUTURE TREND STUDIES

In this section we review and analyze different future trend studies for finding the most pertinent trends from banking service viewpoints. The convenience sample of future trend studies consists of future spanning studies made from several different viewpoints to form a holistic view on future trends in banking area. The goal has been to avoid the inevitable bias toward banking, if only "banking services" oriented studies would have been reviewed.

This approach provides a more profound and generalizable background for analysing future banking service needs. Next we review the literature of future trend studies for recognizing the main trends connected or influencing banking and payment services.

Table 1 Some main future trends recognised in literature

Authors	**Main trends recognized**
Naisbitt (1982)	• Shift from an industrial to information society • Shift from forced technology-push to technology pull • Shift from predominantly national economies towards a global one • Shift from short-term perspectives towards long-term perspectives • Shift from centralized towards de-centralized and flatter structures • Shift from institutional help and services towards self-reliance and self-help • Shift from representative to participatory democracy • Shift from hierarchies to networking
Naisbitt and Aburdene, 1990	• Booming global economy • Renaissance of the interest in arts • Emergence of free markets in socialist economies • Increasing similarities in global lifestyles combined with increasing cultural nationalism • Privatization of the welfare state • Increasing influence of Pacific Rim countries • Rise of women in leadership positions and roles • Rise and progress of biotechnologies
Lee & Lee 2002, Lee & al., 2007	• Globalization • Digitalization • deregulation and privatization • changing demographics • changing industry mix • convergence wave in media • commoditization of processes • increasing importance of emerging economies • From the quality-thinking to speed-thinking
Gagnon and Chu, 2005	• Resurgence of intermediaries • customer value drivers fragment • information exposes all • Dominant mega-retailers enjoy virtuous cycle to improve competitive positions • Polarization of market place to mega players with ”good enough” value with low price, and differentiated specialists for niche segments • partnering becomes pervasive • Companies drive growth by applying distinct business models in each part of their business to deliver the greatest value to explicitly defined groups of customers
Aburdene, 2007	• Increasing power of spirituality • Dawn of conscious capitalism • Leading from the middle • Spirituality in business • Values-driven consumers • Wave of conscious solutions • Socially responsible investment boom
TNS, 2008	• Group buying by consumers • Social network shopping websites and group purchasing • Sales and product info to mobile based on location

	• Biometric payment by fingerprints • Shopping by mobile phone
Nurmi and Hietanen, 2008	• Growth of Asia in economy • Involvement of globalization and localization • Importance of sustainable growth • Borderless regions, e.g. EU • Continued growth of energy use in transportation
Pantzar, 2009	• ICT is becoming ubiquitous and is creating new kinds of timeplace dependencies and independencies • Traditional time-patterns of consumption will change toward 24 hour society for 7 days a week and 365 days a year • Many of old consumption and time patterns dominate regardless of the possibility of time independent services, e.g. in home banking
Singh & al, 2009	• Globalization, including cultural multipolarity, cultural flow due to interconnection in digital media • globalization of workforce due to integration of economies and emergence of the BRIC countries • Rise of networks, including proliferation of information technologies and vastly increasing connectiveness • convergence due to amalgamation of technologies, grid and ubiquitous computing • Open innovation, innovations increasingly cross disciplines and boundaries, customers as co-producers
Deloitte, 2009	• Open information flows incl. blogs, chats, web 2.0 • Direct delivery chain to consumers • Advanced devices providing sound and picture in decision making situation • Increased trust to e-commerce and payment systems • Growing risks in payments drive e.g. SEPA • Personal information use in purchasing • Freedom from store locations • Decline of traditional markets from 2015 onwards due to e-shopping and growth of direct buying which will have 20% market share by 2020 • Growth of mobile devices • Multiple channels in use by consumers- -multichannel trade will grow to 30-40% of volume
Ahola and Palkamo, 2009	• Scarcity as innovation driver • New consumer movements impact consumption • Global logistics will cut down costs and enable truly global retail • Wireless technology enables time and place independent consumptions
Ahvenainen & al. 2009	• Population growth, however industrialized and non-industrial or newly-industrialized. countries are in different situations • Economic growth during the last 50 years, however systemic change in global economy may have impact • Continuous technology development in ”Moore law-type” dimensions • Faster pace of changes with global reach • Urbanization, e.g. in China 300 million people will be urban within next decades, same pace is expected in many developing nations • Global economy has created a complex network of dependencies • Polarization of societies • Multi-polar world due to growth of Asia • Globalization 3.0 – growth of local production – blurred boundaries of

	manufacturing and logistics with global manufacturing corridors
Gracht and Darkow, 2010	• Companies global networks and relationships become the enabler for competitiveness • Demand for convenience, promptness, and flexibility turn logistics into success factor • Small specialized logistics service providers are merged into global networks • Personal fabricators for local production • Developing countries narrowing the gap to industrial nations in many industrial sectors • Consumers demand convenience, simplicity, promptness, and flexibility • Differing demands in densely populated areas compared depopulated, rural regions • Service providers need to make decisions based upon global ethical standards and independently from national, cultural, and ethnical interests • knowledge expansion and the focus on knowledge generation, processing, and dissemination have led to relocation of production activities and novel international division of labour • Biometric identification may become a standard identification technology • The area-wide utilization of e-business has led to direct sales contacts between end customers and producers, with consequent displacement of wholesale and retail middlemen.
Forrester, 2010	• Next-generation business intelligence takes shape, combining real-time access with pervasiveness, agility, and self-service • SaaS and cloud-based platforms become standard • Apps and business processes go mobile on powerful devices and faster networks • Telepresence gains widespread use • Customer community platforms integrate with business apps • Apps and business processes go mobile on powerful devices and faster networks
Ovaskainen and Tinnilä, 2011	• globalization and widening markets • integration of technologies and business processes • evolution of business models • increasing role of services and change of demand structures • need for multi-channel solutions and channel management • increasing role of cooperative networks and partnerships • structural changes in business • increasing knowledge-intensity

It seems to be that there are major future trends connected to following topics:

- change in population age structure and urbanization
- pace of societies towards round-the-clock use of services and consumption
- increased ICT pervasiveness
- consumer power expansion due to availability of information in digital networks
- e-commerce, e-shopping and mobile service expansion
- globalization of businesses with consequent structural changes due to competition, including changes in service businesses

The framework presented in figure 1 shows that based on the review of future trends presented in table 1 we will select some of the key trends for further analysis. Based on these, we will estimate their impact on banking services.

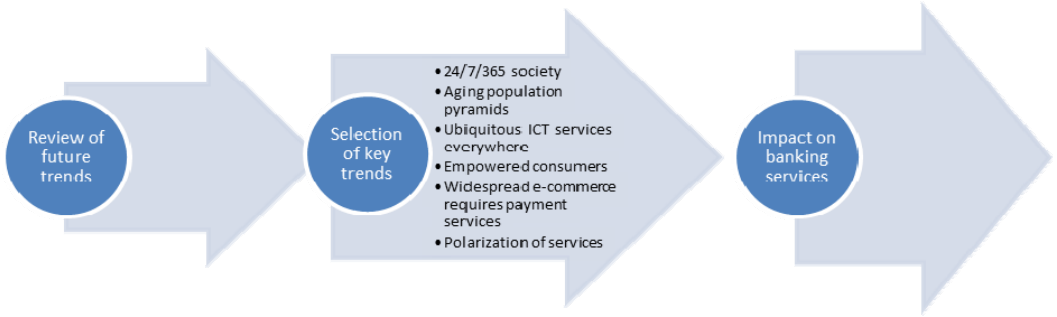

Figure 1 Analysis framework for recognizing the impact of future trends on banking services

Based on the literature review, we have recognized some topical areas connected with important future trends, with wide ranging impacts on societies, business, service business and banking services.

The change in population age structure is a dominant trend in industrial countries, with wide ranging impacts on many businesses. The growing number of elderly people will affect consumption habits and businesses need to adapt to these changes. Another population related trend is urbanization, which is particularly important in many newly industrialized countries, such as China.

Furthermore, the pace of societies is increasingly toward round-the-clock consumption and use of services. This trend is accelerated by digital networks and digitalization of many services. In digital networks the costs remain the same if the service is available 24-hours a day, while in more traditional services the cost may significantly rise.

Connected to digitalization is increased ICT pervasiveness, which means that most services are dependent entirely on ICT technology. Many novel services are enabled by technology and consumers use the services irrespective of time and place. Consumers enjoy increase in power toward companies due to increased information in digital networks. As huge amount of information about products and services are available to everyone, consumers can more easily make decisions based on their own preferences. As the use of internet has grown to a stage when most consumers use it actively, it has also become a major channel for shopping. E-commerce, whether business-to-consumer (B2B) or between consumers (consumer-to-consumer, C2C) uses multiple channels, including traditional, internet and mobile channels, as well as, requires payment, identification and banking services.

Finally, the globalization of many previously national or regional businesses has resulted in structural changes and relocation of manufacturing and service operations. The growth of China as industrial centre, and India as key player in software services are

good examples.
Consequently, the key future trends analyzed in more detail for their impacts on banking services are as following.

1. Aging population pyramids
2. 24/7/365 society
3. Ubiquitous ICT services everywhere
4. Empowered consumers
5. Widespread e-commerce requires payment services
6. Polarization of services

ANALYSIS OF RELEVANT TRENDS AND THEIR IMPACT ON BANKING SERVICES

This section provides a review of selected future trends and analysis of their potential impacts. The selection criteria for the key future trends was their impact on banking services, and therefore trends with few recognised impacts were omitted. The impacts can be direct or indirect, where direct impacts are typically more straightforward and more easily recognised. For example, rising labour costs force banks to adapt digital self-services. The indirect impacts are more complex, such as e.g. urbanisation has profound impact on purchasing patterns and service use of consumers.

Aging population pyramids

The word “pyramid” connected to age division of population visualises the situation for most countries up to present age. Due to population growth, younger generations were larger than older ones. This shape holds today true only for some developing countries, while industrial and post-industrial countries are in a situation where elderly generations are larger than younger ones. This trend will have profound impact on consumer behaviour and will drive the development of services to this customer segment. Already now, elderly and single consumer units form already a major part of population in cities in most of the developed countries, and will become a dominant consumer unit in the future. The population statistics of countries visibly establish this trend. Connected with expanding life expectancies, this will force service providers to react. Already the life expectancy of females is in some countries close to 90 years (Statistics Finland, 2012).
When analysing the results of this trend, we need to observe that many present services are focused toward families with children, who are driving cars and are living in suburbs. For example, current grocery shopping is based on self-service supermarket, where consumers use their private cars for transportation to and from the shop. The growth of consumer segments where these established facts do not hold, will increase many services that have not been provided in large scale yet. For example, elderly and city consumers require different types of delivery, pick-up and other logistic services connected to shopping. These logistic services need to be supported by mobile, wireless and payment services.

In banking services the growth of elderly generations may create conflicts with the present service development trends, such as the drive for internet-based self-services and cutting down the over-the-counter services. According to statistics the number of branch office banks has been halved since 1990’s in many countries, such as in Finland and concurrently, the number of electronic home banking connections have grown from

5% to 76% of adult population (Bask & al, 2012)**.** However, as these trends are not the ones preferred by the elderly, we have contradicting customer demands and development trend. As the number of branch offices has been drastically reduced, their role has also been changing (Portela and Thanassoulis, 2007). The traditional role of branch offices has been to provide face-to-face contact in services. However, this role has been moving toward marketing role. Branch offices provide the customer contact points for information of new services. What if the customers would prefer the more traditional services? These have been deemed inefficient from service production perspective, i.e. the cost per transaction is much higher than in digitalised services. This trend does not necessarily mean disappearance of branch offices, although Bill Gates has claimed that "banking is essential, banks are not" (Baten and Kamil, 2010). Nor does it necessarily mean that branch offices will be completely replaced by digitalized services. The adoption of new technologies needs to take into account all customer segments, also those less willing to adapt into new services and devices.

24/7/365 society

Services are increasingly used irrespective of time and place. The expansion of opening hours of virtual services is impacting also more traditional services, as consumers expect service round-the-clock, or even "24///365". The basic difference between digital and traditional services is the cost structure. Digital services are heavily biased toward development and implementation costs, as ICT systems need to be installed and customized. However, operating costs are very low. Traditional services have higher labour costs, and particularly work outside regular office hours is costly.

There seems to be no single reason for the changing and expanding consumption rhythms, and among consumer researchers there has been much discussion about the changing daily rhythms of consumers and society in general. The phenomenon is apparent in many cases, as the longer opening hours of shops and markets show. The introduction of digital networks itself expands the availability of services from the limitations set by traditional office hours. Consequently, consumers and businesses now require services all day and year round with subsequent impact on operations. Supporting services, which from customer viewpoint include also banking services, need to be up and running all the time. Consumers are buying products, ordering and reserving services, such as travel tickets when they want and need to the 24/7-servcies to do this. Thus, banking and payment services need to keep pace with the requirements (Adapa, 2011).

Consumer researchers have found several trends that can be regarded as drivers and results of 24/7 service use. Among the main drivers are (Pantzar, 2010) irregularity of time use, fragmentation of time use and overlapping time use. All these trends are to be found in the daily life of consumers, but also create demands for service providers. The consumers are using services when they want (irregularity), they are using then in a more fragmented way by making, e.g. payments in several occasions during the day, instead of batching. One of the main impacts on banking services is the fact that everyday routines are shifting to new places, i.e. new times of day and week.

Consumers have adopted electronic home banking, and use evenings and weekends to manage their routine payments. This brings pressures to banks that have no typically been open during evenings and weekends. For example Pantzar (2010) has analyzed

the rhythms of daily life in internet banking sessions. The shift from use of banking services from week days to weekends is obvious. Generally the service use is at its lowest on Saturday evenings, but Sundays are almost as high as weekday evenings. This is applicable to most internet-based services. The new technology-based services do not always completely change the day rhythms, but extends them. Also different customer segments may have very differing peaks service usage.

Empowered consumers

One of the expectations connected to e-business has been the easy collection of huge databases of consumer information. Many e-business companies have focused on gathering this information in the assumption that in the long run it would have value. Some have succeeded, Amazon.com being the prime example, but also many have failed. This extensive knowledge of consumer purchasing habits and preferences might seem to shift the power toward sellers of products and service providers, creating an obvious information asymmetry. However, in general, companies have been relatively slow to exploit this advantage (Repo & al, 2006).

On the other hand, as consumers have in their fingertips the huge number of information available, they also have the possibility to pick and choose among the products and service providers. The consumers are expected to be more empowered, as they can use the information available on the web, and make better consumption choices and find lower prices (Heiskanen & al. 2007). This has materialized to some extent, as e.g. travel market has changed radically. The current problems of traditional airlines due to growth of budget services, epitomized by Ryan Air, are due to consumers being able to easily compare prices over the internet. Consequently, consumers can be maintained to have become empowered.

One of the connected trends is that consumers are simultaneously globally unified and locally fragmented. Global brands mean that many products and services are today in reality available world-wide, and also operate on a global scale. This involves global standards within corporations in terms of processes and procedures. The prime examples are major brands, such Coca Cola, McDonalds and American Express. The consumers use their products and services in the same way everywhere, and the buying processes and customer interfaces are standardised. However, within a single market, there is greater fragmentation in consumption habits than previously. Consequently, a larger range of products and services are needed to meet all the different needs. This creates e.g. challenges to super markets as they need to stock a wider product range. In services, this raises the need for variety as “one-size-fits-all” solutions are not adequate for fragmented customer needs. Hence, McDonalds need to introduce a wider range of fast food, rather than relying on its basic range of hamburgers. As consumers are empowered and fragmented, banking services need to adapt to this by offering a wider service range in convenient service bundles.

Another trend connected both to consumer empowerment and changes in financial industry structures, is the growth of less conventional banking and financial services (Bachmann & al, 2011). Online peer-to-peer (P2P) lending is enabled by both consumers willing to try and use services outside the scope of old and established banks and financial institutions, as well as, the facilitation of online communities with different types of services. Omitting the mediation of financial institutions is not a novel idea, but

digital networks expand it to wider consumer groups.
The decision to grant loans is no longer in the hands of banks, but lies with individual lenders, while the P2P services provide the platforms to connect them with each other. For borrowers, this offers a new channel for financing, while for lenders it is a novel investment model with attached risk management services.

Widespread e-commerce requires payment services

We have already seen the fast growth of internet commerce with attached need for payment services. The next steps will include mobile and wireless services with many different devices. The increase of tablets and smartphones with a variety of applications will generate the need for payment services, too. The consumers will use the services any place and need to have access to their banking services. The services come in many forms, as payment of invoices with mobile devices is only one application area. As consumers are able to buy services with their mobile devices, including e.g. car parking, they also need convenient, secure and fast ways to pay them. The current applications requiring pass words, lists of numbers, etc., are not practical in most mobile situations.

As there are more than 4 billion mobile phones today, the mobile services are already here. The number of smartphones in the world is expected to reach 1 billion by 2016 (Forrester 2012). Also, according to estimates between 500 million and 1 billion people will access financial services by mobile by 2015 (Mobithinking, 2012). The application areas for mobile devices in payment are wide. They include payments for goods, services, and invoices. The payment scenarios include digital content, tickets, transport fares, and other services, in addition using e-banking services (Dahlberg & al, 2008). Payments of goods both at stores and automated vending machines are also among the application areas.

The expected banking services include also those making consumption easier to consumers. As internet offers the wide variety of goods and services, with easy comparison of prices and delivery conditions, the consumers need to be able to control their spending. It is expected, that as consumers prefer to optimize their leisure time, they will require tools for managing their expenses and payment balances (Pantzar, 2000):

Polarization of services

The slogan ”global chains rule!” has been claimed to be true, as many leading service provider chains have become global, instead of regional. Examples include Wal-Mart and Ikea. The increase of competition and opening markets are the driving forces in both manufacturing and service industries. The advantages of scale economies are obvious in both. Accordingly, service industries in general have seen large number of mergers, banking industry not excepted. It has been claimed that economies of scale and opening of banking markets, particularly in Europe, are driving banks to either merge to larger entities, or become more focused in their service offering. Consequently, strategic partnering will escalate to reach economies of scale or as an alternative strategic option to consolidation (Intuit, 2011).

There have been many academic studies focusing on scale and scope economies, but no definite answer has been reached about the level of economies gained. However, some generalizable observations have been reached (Boot and Marinc, 2008). Firstly,

scale and scope economies in studies are often masked by changes in the empirical changes in banks, and consequently, bureaucracy in large organizations reduce the scale and scope benefits. Secondly, both scale and scope economies are difficult to distinct from changes in market power due to e.g. increased market share.

In search of scale and scope economies there are two obvious strategic choices (Metters & Vargas 2000) namely, aiming at mass services or focusing on smaller customer segments or specific services. Hence, the banking business is polarizing to two extremes. Hedley et al. (2006) have recognized the drive for either to universal or ultra-focused banks. These both basic strategic choices aim at different competitive advantages. Universal banks base their services on large range of services with large scale economies. The full service range fulfills the needs of consumer masses with adequate service level and competitive pricing. The other main strategy is to look for smaller, or even niche, consumer segments with special requirements and more focused service offering. Both the choices are in line with Schmenner's (1986, 2004) observations on the scale economies enjoyed by service factories in banking, and the high service levels provided by professional services focusing on knowledge and professionalism (Tinnilä, 2012).

Ubiquitous ICT services everywhere

Ubiquitous services are embracing us as consumers and facilitating for companies real-time information flows of the state of all aspects of their operations. This pervasiveness means also constant access to up-to-date information for consumers and value chain participants. Already consumers can follow their e-shopping purchases by receiving information about what stage of the delivery chain their order has reached. They will also receive e-mail and SMS messages about the delivery times. These types of information needs will increase also within supply chains due to diminishing inventories and leaner manufacturing systems and supply chains. Consequently, real time information technology and systems need to be developed. Already top-level companies, e.g. FedEx, have developed these, but also SMEs will require them in the future.

As the customers and consumers use multiple channels for services, banking services including, there is growing pressure for meeting these need by use of technology. Another pertinent driver is the reach for cost savings. Compared to traditional over-the-counter services the cost of digital services is just a fraction. With costs of approximately $0.01 per transaction (Wu and Wu, 2010), banks understandably prefer digital services. As discussed earlier, the digital networks, both wired and wireless are expected to expand. Already, many services are available everywhere within the range of mobile networks, which in many countries cover even the remote corners. Hence the consumers will expect ubiquitous coverage of services.

DISCUSSION AND CONCLUSIONS

This study looks into future trends shaping the world around us. Understanding the behind-the-scenes factors and drivers that influence changes in environment, society, business and consumers is crucial to researchers and managers. Instead focusing on short term changes only, we need to be able to recognize the far reaching development directions that may have the power to transform industries. This can be done by analyzing future trends of different types. Although definite answers to time tables of change, or exact shape of future, cannot be got, it is still worth while getting an insight to

future directions. This kind of foresight allows e.g. better planning of future services, banking services not excluded.
This paper has looked into future trends by reviewing and analyzing the literature focusing on studies of the future. The future trends include long spanning megatrends in addition to shorter term forecast of the forthcoming phenomena. Based on the analysis, some key trends are recognized and selected based on their potential impact on banking services. While banking services have already transformed greatly during the last decades from branch office focused service companies offering personal service toward network-based digitalized self-services, there are still changes to be expected.

Among the key trends recognized are changes in population pyramids and the increase of elderly population. Their growing share will have an impact on most services from grocery shopping to payment and banking services.

The increased pace of society in general, has resulted in the need to have services available at all hours and days of week. This 24/7 availability creates pressures to banking, too. As consumers use internet and mobile services round the clock, they also require payments to be made accordingly. Furthermore, as mobile phone penetration in many countries is close to 100%, services are used irrespective of time and place. The new generation of smart phones has facilitated use of mobile and internet services everywhere, and we may safely assume that in the not too far away future the services are ubiquitous and found everywhere. Digital networks have empowered consumers by facilitating access to the massive information available in the Internet. This information gives power to consumers, as they are easily able to find the products and services needed, and compare them in terms of quality, price and delivery. The multiple channels of e-commerce call for payment services of different types for customer to fulfill their needs.

Many of the trends influence directly or indirectly the structure of industries. In search of scale economies banking industries has seen many mergers. At the end of the scale, we have seen the rise of more focused banking services, as well as, non-traditional peer-to-peer services.

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