



# The Experience of the NUOVA BANCA DI CREDITO DI TRIESTE with Electronic Commerce (part 1/3)

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Putting a bank on line is not enough unless a whole range of other actions are undertaken simultaneously, such as raising the awareness of its employees and its clients, strengthening the ties with the environment where the bank operates, or delivering a whole set of information that is adequately updated and relevant.

Let us analyze and explain in details these statements.

There is little doubt that we are experiencing changes that represent a watershed, to say the least. In a few years we will have to back up (or put up with?) a far more stringent and comprehensive European-wide integration as a result of the monetary union; without a doubt we will have to tackle (with more or less serious implications) the so-called 'millennium bomb'; many enterprises are already undergoing significant restructuring to adapt to the new ISO standards; on top of all this there is a clear trend towards a greater degree of technological integration determined only partially by the spread of Internet.

The emergence of new technologies and of new modes of organization presents significant advantages for many firms but also the challenge of restructuring and of absorbing new skills to make the best use of these new opportunities.

In the 80s, Time selected the personal computer (PC) as the "Man of the Year". The significance of such an event is only slowly being realized. The rapid downsizing of powerful mainframes and the emergence of network computers are nowadays observed coinciding with demise of the large-scale processor of the 60s and the rise of the "small-scale" PCs which can connect among each other.

Our bank started to experiment with the Net because of its regular relations with overseas clients such as other banks, but also firms and private citizens. For this reason we initially envisaged the Net as an inexpensive and innovative channel to get in touch with our foreign clients. Over the first few years the reaction was slow and the real boom, in terms of connections, was reached only in 1997. Contrary to our expectations (focused on the overseas market), the greatest number of connections (and of our virtual business) came from the local residents.

One of the first services we decided to offer to our local customers was a Web page with the name and the address of the shops that accepted the debit card issued by our bank. Altogether we published about one hundred pages with a wealth of information about these shops. This contribution increased the visibility of these businesses so much that we started to receive e-mails from potential clients who wanted to contact our customers. Over this initial period we were in other words acting as a mail-man.

As time went on, we organized a number of workshops to help our clients (but also non-client firms) improving their presence on the Net. Even though it is commonly claimed that 1996 was the year when Internet boomed, when one looks more in depth one finds that most of the firms on-line had initially only a few pages filled with information, often only temporarily free, to experiment with the potential offered by the Net.

If 1996 has been for us the year when the Net boomed, in the States it will be probably remembered as a bit of a setback. Many enterprises reduced their presence on the Net, or withdrew entirely because of the lack of responses. It should be however remembered that Europe is on an entirely different wavelength (i.e. mentality) than the United States.

## **Why should a firm be on the Net?**

**It is no use talking about electronic commerce if the majority of firms are not on line or only use the Net as a show-case. This technological innovation is meaningful only if it is adequately supported. Electronic commerce will be successful only when PCs will have spread among households, when firms will have realized the importance of this medium, when public investment will be poured on the much-needed infrastructures and when electronic transactions will have proved to be sufficiently profitable.**

**Even today we do hear questions such as: ' ... these mounting investments are only needed to make the usual thing in a new way?' or " .. what sort of return do you have on your investment on the Net?".**

**A first answer to these simple questions can be found with the help of these two quotes:**

**The Internet is having the same impact on computers as electricity had on illumination. Oil-lamps did illuminate, but they were an entirely different thing (Confindustria -Confederation of Italian Industries)**

**Internet is today what television has been for advertisement (Macromedia - advertisement agency).**

**In light our experience, we identified the main steps that a firm should take if it intends to step into the Net.**

### **1) Establishing a link to the Net through a mailbox**

**At his initial stage the need is to gain a first-hand understanding of how the Net works, how to access and to gather information, to see how the**

**competitors present themselves to the customers, and to start interacting via e-mail with the clients and the suppliers.**

## **2) Creating a home page with information**

**This option offers the opportunity to introduce the enterprise to the audience of users who navigate on the Net. The potential of the medium are made available to the virtual visitors but also to the employees of the firm through an enterprise-wide intranet to be integrated with the pages open to the public. An option to increase the visibility of the home page is to make sure that it is indexed at one or more of the largest search engines, both at home and abroad.**

## **3) Setting up an interactive pages to communicate with the visitors**

**At this stage the Net effectively becomes a means of communication very much like the phone or the fax. It becomes possible to use 'forms' to learn about the demands of the potential clients and to have some kind of after-sale feedback from the actual clients.**

## **4) Integrating the databases of the enterprise**

**As a result of this option a valuable service is offered to the firm's clients (but also the non-clients) because the opportunity is made available to evaluate the relative merits of the firm compared to its competitors.**

## **5) Allowing transactions on the Web**

**This step is the necessary one for those firms which intends to break into electronic commerce. For a bank, this step coincides with the so-called home-banking (even if only based on the diffusion of information). For an enterprise, it creates with the opportunity to interact dynamically with its suppliers, its retailers and its employees. It become possible to test the opportunity for home-working but also to implement security measures to ensure secrecy and data integrity.**

## **6) Launching electronic commerce**

**The traditional distribution channels are complemented with a new one characterized by lower costs, continuous operation and a high-fidelity relationships with the clients. New clients, which would have otherwise been beyond the firm's reach, are added to the traditional customer base. This development coincides with a change of relationships with end-consumers: it becomes necessary to process orders rapidly and faultlessly. For some enterprises such a development might require a complete internal restructuring (such as operating 24 hour a day).**

## **7) Full integration of the applications - the virtual enterprise**

**The enterprise can operate even without physical outlets; customers and clients alternatively replenish and empty the firm and software becomes the key behind its profitability.**