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Abstract In this paper the authors investigator the evolution of new competition in banking. As a consequence of the deregulation of this market and the opportunities the new technologies offer, new non-banking competitors — companies whose main activity is not finance — have decided to venture into a promising sector that is unknown to them. This conceptual paper aims to present an overview of the competitive situation that has arisen from the entrance of new participants in the banking industry, and to describe the different strategies that banks may use in order to face this new situation. Data were sourced from a literature review and new entrants' websites in order to ascertain their origin, their promoters and partners as well as their actual situation.

Keywords Financial services, deregulation, banking, new competitors, internet

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INTRODUCTION

Because of its key importance in the developed economies, the banking sector was traditionally controlled by strong regulations. This was the main reason why companies operating in other sectors could not compete with banks.

The relaxation of these rules led to companies, whose main activity had no connection with banking, start trading in typically financial products and services.[1–3] Most of these initial competitors were car manufacturers, insurance companies and retailers. Their offer was, and, in most cases, still continues to be very specialised: eg, car manufacturers offer loans to their buyers; insurance companies offer deposits and other investment facilities; and retailers offer credit cards to let customers defer their payments. So, their financial service is usually linked to their original operation.

Therefore, competition by non-banking companies has existed for years. However, this phenomenon gained much more importance at the end of the 1990s, when these companies ceased to restrict their finance activity to products linked to their main business, and started to launch real banks through their commercial networks, mainly via internet or telephone. It was during those years that banks ceased to underestimate the competitive threat posed by these new competitors.[4–7]

NON-BANKING COMPETITORS

Lascelles (2000)[5] defines a non-banking firm as: 'a bank or credit institution that trades with a non-banking brand name, or is formed by outsiders of the banking industry.'

During the last few years, the new technologies connected with the information society have been boosting

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the entrance of new competitors. Basically, these are either internet-related companies or those who make use of its advantages. Banking firms must compete with new banks created on the internet, which seems to be the low-cost way to penetrate the financial market.

A survey by PricewaterhouseCoopers and the Confederation of British Industry[7] highlighted the fact that bankers felt that e-business would have the biggest impact on competition. Eighty-three per cent of the UK financial institutions expected e-business would reshape the banking industry, while the rest claimed that it would have a significant impact. Nobody thought that there would be no impact at all or that it would be moderate. The survey also showed that a significant number of banking firms thought the internet would be a gateway for new competitors.

The new entrants and their unpredictable behaviour worried European financial institutions. They feared new entrants might take hold of important market shares in credit cards, personal loans, pensions and insurances (other than life assurance), or saving schemes. As a matter of fact, it has been in these products as well as in deposits where the new competition has found its own niche. The mortgage market does not currently seem so vulnerable, although some of these new entrants already offer this product.

The financial companies' biggest concern, in relation to the appearance of new internet intermediaries, is the increase of competition, together with other aspects connected with the market or their business-to-customer relationships.

TRADITIONAL SITUATION

According to Reber (1999)[4] banks have dominated all areas of financial service markets for many years. This dominance was based on the power over the five customer values: market intermediaries, providers of capital, providers of transaction services, providers of market information, providers of know-how.

Control over these five values has always been very well shielded by a series of factors[4]. One is regulation, which demands certain requirements to enter financial service markets. Another is the the physical distribution networks, that represented the key factor to success. Any competitor who was confident about entering the financial market needed a physical distribution network, which entailed insurmountably high costs. The traditional customer would not dispute the financial service industry's monopoly. Customers simply accepted what they were offered and, generally, were not very sensitive to the price. They were not prepared to look for the best financial product, by comparing different offers and there was a tendency to buy all their financial services from the same supplier.

WHAT CAUSED THE CHANGE?

The relationships of financial companies with their clients have changed. Clients have become more demanding in the following ways.[4,8]

— A variation of their aspirations entails a modification of the offer depending on the customer's situation at the time of the purchase. The answer requires an ability to offer flexible benefits.
— There is higher demand for speed and time-saving.
— There is higher demand for change of obligations (everything is renegotiable, variable, indexed); for a full service; for improvements in the quality of services; and for an active customer loyalty policy.
— The smallest anomaly is unacceptable.
— Security is demanded.
— They appeal for negotiations of

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particular advantages to be optionally customised.
- They are inclinded to bear all costs in mind.
- Customers attach more importance to their financial decisions, hence their sensitivity about price and their desire to maximise the value of their money. This means a higher demand in the quality and profitability of financial services.
- There is a new perception of convenience, which depends not on geographical vicinity of the nearest office, but on better accessibility and a wide choice of channels.
- There is readiness to look for the best thing, rather than keep on purchasing all services from the same supplier.

As has been seen, customers used to accept what they were offered until now. They were not sensitive to price and bought all their financial services from the same supplier, that is, the bank they trusted. This new mentality makes many customers attach more importance to the value they receive than to the trust inspired by the firm. In a survey carried out by the American Banking Association (2001),[9] customers were asked to express their view about which quality was most important in their relationship with financial companies: trustworthiness of bank or best value received. Most of the interviewees still preferred trust (53 per cent) albeit the difference was very small. (For 44 per cent of the sample receiving the best value is more important).

As for new technologies, many customers take for granted that their usual banks will offer them the opportunity to operate via the internet or by telephone because these systems satisfy their desire for comfort and ease of access; the prices are also more competitive thanks to lower transaction costs. The banks are supposed to offer customers this service with minimum requirements, but at the same time with customers most frequent operations.

From the bank's point of view, without deregulation the strong entrance of the non-banks would not have occurred. The differences between countries can make certain markets more accessible than others. In some countries, where regulators regard non-banks as a healthy source of new competition, these barriers have been eliminated, whereas in others non-banks form partnerships with banks in order to obtain a licence. In some cases, they are entitled to compete with banks as unregulated competitors.

European Union (EU) countries have experienced a significant deregulation within the banking industry. Despite the existence of EU directives harmonising this market, local conditions still differ.[5] For example in Germany, the regulators are relaxing the rules and one of the fastest growing banks is the consumer-finance arm of Volkswagen, and in the UK there is a dramatic growth in new types of competition because of the widely deregulated financial services market.

There have been changes in the structure of the Japanese economy since the 1990s which involve, in the banking market, a series of deregulation initiatives lowering or eliminating barriers to new entrants. An important change of scenario has occurred in an industry guided by the Ministry of Finance.[10] An important feature of e-finance in Japan is the active entry of new firms, from traditional companies to manufacturing firms and retail stores, from large corporations to small venture capitalists.[11]

The 1980s and early 1990s were periods of change for the US banking industry, when numerous regulations that limited competition were removed.

In many emerging markets major holdings control the banking market. Local authorities have already acted to prevent the creation of institutions that

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were perceived as too dominant.[12] The deregulation could increase competition with new entrants to the market, but in some countries there could be conflicts of interest because of the holdings' links with governments.

Once the law allowed the entrance of new companies, the new technologies could play a key role. Information technology reduces entry barriers. The physical distribution networks were necessary to build up a relationship with customers, which entailed massive costs to any potential competitor. With the preferences of customers for direct channels, these entry barriers have completely disappeared. These technologies allow companies to reach numerous customers in a very short time and at a low cost.

Apart from the lowest costs, other factors help these new competitors exist. Technology furnishes the tools to detect customers' needs and dominate the factors of success.[4] New competitors can take advantage of the new technologies quicker than traditional banks, thereby obtaining a competitive advantage.[5] Technology provides a chance to create electronic solutions, away from standardised products.

Finally, database management tools provide a superior knowledge of customers' needs and behaviour which can be used for effective marketing. New entrants have information from the customers of their traditional activity, and with CRM they can integrate their information sources and exploit aggregated data on the clientele. As a result, they can offer customised bank services developed with this information to their clients.

NEW COMPETITORS

Supermarkets, insurance companies, car manufacturers, internet companies and companies operating in other sectors have definitely penetrated into the financial market. Their points in common usually are: the possession of a well-known trademark; an attack targeted on the weakest points of big banks, such as customer service; an offer comprised of a limited range of products; and a strong competitive position in price.[13]

The reasons why these companies wish to start up in banking are diversification of their business, looking for new sources in order to increase their profitability and a desire to offer a complete service to their customers with the expansion of their current financial services complementary to their main activity (credit cards, personal credits, and so forth).

Customers seem willing to acquire their financial products from companies with which, although newcomers in the banking sector, they are familiar in other fields of activity. A survey carried out by McKinsey in France, Germany and the UK showed high levels of confidence in retailers. The interviewees' opinion was that European retailers, such as Carrefour, Otto Versand and Tesco, were quite capable of providing financial services.[14]

As can be seen in Table 1 although non-banks exist in most EU countries, it is in the UK where they are more widespread and have gained a larger market share. The appearance in a country of a new competition like this is determined by the following factors: profitability of the banking sector, market accessibility, regulation and culture.[13]

The greater the yield within the banking market, the greater the space for new entrants. Non-banks must find the market sufficiently appealing economically to make a decision to venture into this sector.

The market accessibility for new entrants depends on the existing entry barriers. These barriers may include sunk costs incurred by the entrant, the know-how, switching costs incurred by

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Table 1 Financial market non-banking competitors

New competitor	*Country*	*Promoter*	*Promoter's activity*	*Bank partner*
Sainsbury's Bank	UK	Sainsbury's	Retailer	Halifax Bank of Scotland
Tesco Personal Finance	UK	Tesco	Retailer	Royal Bank of Scotland
Marks & Spencer Money	UK	Marks & Spencer	Retailer	No bank partner
Uno-e	Spain	Terra	Internet	BBVA
Egg	Retailer	Prudential PLC	Insurance	No bank partner
Volkswagen Bank direct	Germany	Volkswagen	Car manufacturer	Partner for mortgages: Aareal Bank, SaarLB, AHBR, DSL Bank
Virgin Money	UK	Virgin	Several	Royal Bank of Scotland
GE Capital	USA	General Electric	Energy	No bank partner
S2P	France	Carrefour	Retailer	Cetelem (BNP Paribas subsidiary)
Cofinoga	France	Galeries Lafayette	Retailer	Cetelem (BNP Paribas subsidiary)
Shell Capital	UK and USA	Royal Dutch Shell	Energy	Royal Bank of Scotland
Banca Generali	Italy	Gruppo Generali	Insurance	BSI
IKANO Banken	Sweden	IKEA	Retailer	No bank partner
Migrosbank	Switzerland	Migros	Retailer	No bank partner
Inversis	Spain	El Corte Inglés	Retailer	Cajamadrid, CAM, Banco Zaragozano y Cajamar
		Indra	Technology	
		Terra	Internet	
Edel	France	E. Leclerc	Retailer	Groupe Crédit Coopératif
BMW Financial Services	Germany	BMW	Car manufacturer	No bank partner
GMAC Financial Services	USA	General Motors	Car manufacturer	No bank partner
Siemens Financial Services	Germany	Siemens	Technology	No bank partner
Sony Bank	Japan	Sony	Technology	Sakura Bank, JP Morgan
Centro de Seguros y Servicios	Spain	El Corte Inglés	Retailer	Hispamer

Own elaboration from new competitors' web sites (2004)

customers, economies of scale or regulatory control over entry.

The importance of regulatory barriers has been seen. Banking laws rule market accessibility to new competitors. Depending on the degree of their flexibility it will be relatively easy to access the market.

Finally, culture is an important factor. Customers can be open to new competitors or they can prefer to deal with companies they already know. If there is dissatisfaction in the market with the quality of traditional banks, new entrants will have easier access. If customers prefer to deal with banks they already know because there is a good customer acceptance, new entry will be more challenging.

New competitors can be classified in two groups: new financial companies that generally use the internet as a gateway to the sector and non-banking companies that decide to market financial products mainly through their own commercial networks, using the internet as a complementary channel.

Non-banks whose main business is to sell physical products to final consumers have a comparative advantage on transaction-based banking services. Customers have high levels of confidence in many of these non-banks because of the frequent contact with them. They can easily prompt their customers to acquire packages of their products with financial services, such as credit cards, loans or insurances. To do so, they are leveraging

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their inherent product strengths, brand identities, customer relationships and scale.[14] The strongest barrier is wealth management, still under the control of banks. Customers are used to going to the bank to request financial services and they seldom think about other options.

There are many retailers, mainly supermarkets, that have decided to trade in banking. The most important retailers offer their customers credit cards only for use in their own stores at the very least. Bearing in mind that payment for clothes and food in commercial outlets is one of the main functions of bank credit cards, it is no wonder that the main companies in this sector offer such a service. Retail organisations have become aware of the fees involved in accepting debit and credit cards. This has encouraged some retailers to offer their own credit cards.[15] The advantages may not only be cost savings; the generation of information and better customer service are other major incentives.

In the UK, the main supermarkets, by means of alliances with banks, have created their own bank subsidiaries, which allow them to offer a whole range of financial products. As can be seen in Table 2, these joint ventures have already made profits.

In France, retailers Carrefour with S2P, Galeries Lafayette with Cofinoga and E. Leclerc with Edel, offer bank services in association with traditional financial firms or their subsidiaries.

In Spain, retailers Eroski, Alcampo, Carrefour and El Corte Inglés offer financial products that can be easily acquired in their branches: credit cards, personal loans, mortgages, deposits and accounts. These groups make use of the advantage that allows customers to buy financial products in the same place where they do their shopping, with longer opening hours than bank branches. El Corte Inglés is also one of the co-founders of the internet bank Inversis.

The development of financial services within retail outlets may have two fundamental objectives. These services may be used to support core operational activities and develop closer relationships with customers, or they may be considered to be a diversification into non-core areas.[16] The development of financial services has occurred within increasingly competitive environments where retailers are faced with limited growth opportunities in their core markets.[17]

The motor industry has been offering financing to their customers for years. Some car manufacturers have gone even further with the creation of their own entirely financial companies, like Volkswagen (Volkswagen Bank Direct), BMW (BMW Financial Services) and General Motors (GMAC Financial Services).

With the appearance of new technologies, all sorts of companies have set up financial firms based on the telephone or the internet, thus avoiding the need for the physical branches where the traditional banks normally deal with their customers. Start-up and maintenance costs are very low, allowing this type of business to reach a much larger target group since they can access new market

Table 2 Profit before tax of supermarkets' bank subsidiaries in the UK (in millions of pounds)

	1998	*1999*	*2000*	*2001*	*2002*	*2003*
Sainsbury's Bank	–15	–5	3	13	22	26
Tesco Financial Services	–24	–8	3	20	48	80
Marks & Spencer Money	111	116	96	84	86	51

Own elaboration. *Source:* Annual reports published on supermarkets' websites (2004)

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segments all over the world through their distribution channels.

The availability of the web as a distribution channel and a growing interest among consumers in integrated financial services have created an environment that encourages new competitors to offer banking services. With electronic commerce moving quickly towards customised, integrated financial services and standard solutions for digital trust, the traditional advantages of banks and well-established investment companies are being challenged by more flexible business models.[18]

Following Roberts (2000),[19] in the new market of internet banking three types of new competitor have appeared. They may be start-up companies of which consumers are unaware, existing companies with a reputation in other markets which they hope to extend to these new markets, or entrepreneurial associations to create synergies.

Existing companies trying to move into new markets must be aware of the risk of extending their reputation without a prior analysis of the features that consumers in the new market desire. Whenever two or more companies team up, the consumer's perceptions of their cobranded product must be studied.

The most ambitious project[5] is the one carried out by the insurance company Prudential with its bank 'Egg'. This project tries to stress the novelty of the service, to outdistance the group of traditional companies, and offer very advantageous interest rates in mortgages, personal loans and savings accounts. During its first six months, with £5,000m in deposits and 500,000 electronic bills, Egg attained a five-year objective.

Both general (AOL, Yahoo etc) and thematic portals (the growing list of portals of news and financial tools included) are transforming the intermediation through new models of distribution of financial products. These services bring credit or insurance into the market; banks run the risk of losing contact with part of their clientele.[20]

According to Cronin (1998),[18] at the top of the value chain there is a fight for control of the interface that customers use to acquire financial services. The platform that gains the loyalty and private financial information of online customers will be in an ideal position to benefit from product extension, strategic alliances and e-commerce growth.

Many companies focused primarily on electronic payment and secure transaction solutions on the internet were born when credit cards, appropriate for the physical world, were having little success in the virtual world because of customers' concerns about the lack of security and higher charges. Non-card solutions, such as PayPal, InternetCash, CheckFree, Paybox or Certapay, have begun to make a significant impact on the market share of e-commerce payments and can now extend their activity to other bank services

Significantly, most of the telecommunication or high-tech companies do not seem to be very interested in entering the financial market, since its margins are much too narrow to take the risk of such a course of action.[21] They also prefer to be suppliers of technological infrastructure,[5] like the software company SAP, which has carried out joint projects with several companies like Deutsche Bank or HypoVereinsbank. They are probably waiting for the right time to take steps in this direction.[4,21] Telefónica has already done this through its subsidiary Terra in the banks of Internet Uno-e (with the BBVA) and Inversis, as has Sony, with the creation of Sony Bank, and Siemens, with Siemens Financial Services.

Finally, as Reber (1999)[4] affirms, one of the biggest threats for banks is a customer becoming a competitor. This phenomenon is increasingly spreading into wholesale

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banking. Some multinationals have gone into banking because their financial departments administrate large assets as do the professionals, and that means they can deal with banks as partners. This has been done by General Electric, whose subsidiary GE Capital acts as an independent company in the market and possesses numerous business lines.

CONSEQUENCES OF THE ENTRANCE OF NEW COMPETITORS

In spite of the concern generated at the end of the 1990s, the entrance of new contenders in the European bank market has had little impact on market share, about 1 per cent in most of the countries of the continent.[5,21] There have already been failures, such as Tusa Bank, an Irish company promoted by the Superquinn supermarkets.

The only exception in Europe is the UK, where the phenomenon of non-banks has been very important, both in number of new competitors and market share.

Although in most countries banks have not lost an important market share, this should not conceal the fact that new competitors have gained a significant market share in certain products, such as deposits and banker's cards. In fact, few offer a complete banking service; they mainly concentrate on market segments considered to be more interesting and leave banks with the rest. ABA (2001)[9] shows that US customers also choose other establishments rather than banks when they acquire financial products such as current accounts (13 per cent of customers), credit cards (33 per cent), and loans and mortgages (37 per cent).

In any case, it may be too soon to draw definitive conclusions on the success or failure of these initiatives since most of them are too recent and it will be necessary to wait until they settle into what for them is still an unknown market.

It can be confirmed, however, that this phenomenon has changed the rules of the finance sector. These new brands take advantage of the new technologies with low-cost structures so they can reach large segments of the market. With different perspectives, they offer new ideas in their products, marketing, channels of distribution and, mainly, prices. New competitors have tried to obtain a share of the market by offering their products at much more favourable terms. In doing this, they have attracted the attention of customers who are used to finding only small differences between offers.

The above events are causing an increase in competition. Although clients prefer to work with traditional banks, and in fact they do not leave them completely, they have put forward the existence of new competitors as an argument to demand services of greater quality and at better prices.

For traditional banks this attack on their core business has posed a challenge that has forced them to take action to protect their market share, either by facing the new competitors, or by forming alliances with them.

HOW SHOULD TRADITIONAL FINANCIAL COMPANIES REACT?

Now that online channels have been accepted as effective commercial vehicles, traditional companies compete with new entrants while both strive to be completely integrated with the increasing online community. The shift of market share towards non-banking organisations is forcing banks to rethink their strategies with the aim of surviving.[4,5,21] Moreover, they need to transform their business and internal structures quickly, to prevent small internet companies or financial firms

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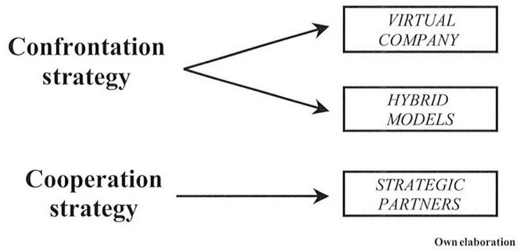

Figure 1 Traditional banks' strategies

in any part of the world from stealing their customers.

With this new competition, financial companies are following two different strategies: confrontation and cooperation. As can be seen in Figure 1 the first strategy means fighting new competitors with their own weapons. The second means allying with one or more of them. These two strategies are not incompatible and often large banks choose both at the same time.

Confrontation strategy

Confrontation strategy is carried out in two different ways: virtual companies and hybrid models.

Virtual companies

To face new companies that only operate via the internet, banks launch initiatives that attempt to benefit from the same advantages as the new competition uses: relatively low costs and the universal reach of the internet to dispose of physical locations and conduct business directly online.

The internet is considered to be an independent channel with different products and prices, which usually demands a new brand to avoid confusion of prices between traditional offers and those carried out on the net.

Hybrid models.

Banks that open websites develop them as additional distribution and marketing channels rather than as substitutes for traditional outlets. They are trying to convert traditional customers to the internet to save costs and avoid losing market share. A small percentage of customers usually generates most of the banks' revenue, which in turn means that many of them are not profitable. Companies expect to drive these unprofitable customers to the internet, thus reducing their costs and limiting work in their branches to their profitable customers. What is happening, however, is the complete opposite, as it makes the internet another cost centre without producing a significant revenue growth in return, as cannibalisation takes place.

Many banks have developed advanced online services as part of a hybrid model that includes a wide range of value-added products for individual consumers.

Cooperative strategy

This strategy basically consists of a search for strategic partners. The possibility that new entrants could launch competitive initiatives made banks and investment companies move more aggressively in search of alliances and to establish joint ventures in order to keep their clients.

Many financial services companies and banks have developed partnerships with software and web-solution companies. These partnerships allow the financial and banking sector to advance in electronic commerce strategies while retaining a focus on their core business activities.[18]

An important example in Spain is the agreement reached between Banco Bilbao Vizcaya Argentaria (BBVA) and Telefónica to set up the bank Uno-e, owned by BBVA (51 per cent) and Terra (49 per cent). At first, this initiative was more ambitious: Uno-e bought 6.75 per cent of First-e's capital. First-e operated exclusively on the internet from its

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headquarters in Ireland, and also operated under licence from the French bank D'Escompte in the UK. The alliance of Uno-e with First-e, called UnoFirst Group, broke up in 2001 since the results did not live up to the partners' expectations.

In the UK banks have designed all the non-banks created by supermarkets. On the one hand, Safeway's initiative to enter the financial sector was based on a commercialisation of Abbey National products in its centres with the supermarket brand. On the other hand, Virgin Money is the result of the association between Virgin and the Royal Bank of Scotland. Non-banking companies usually provide their own brand, the marketing and their commercial networks, whereas banks provide products with no brand and take charge of executing bank services.

Whichever strategy banks opt for, they need to make all their efforts in accordance with the following principles:[4]

- Build innovative products, alternative distribution channels and a strong brand.
- 'Unbundle' activities when they require different business approaches, to remain competitive in every market segment.
- Be flexible in building up alliances and envisage cooperating with players with a strong brand name.
- Streamline internal organisation accordingly.

Traditional companies have begun to follow these principles, albeit with some delay, and in the last few years they have been supporting their new distribution channels, endowing them with a wider and better offer of products. They have begun to cooperate with companies specialising in new technologies, including new competitors, and have created important departments dedicated to develop the possibilities of the new technologies.

Banks suddenly face the challenge of managing multiple distribution channels. They will need to adopt a marketing perspective when managing their products and services.

Banks are very well positioned to win the struggle to keep their main customers' financial relationships, and should be victorious in the battle for the electronic bank markets, providing a combination of low-cost commodity products and highly valued services and advice.[20]

CONCLUSIONS

More and more banking markets are crowded with newcomers. They compete by means of brands and strategies which may be regarded as new in comparison with those of the traditional banks. This is not an isolated phenomenon. There has been an important change from the time when these markets were under a long-standing protection, guaranteed by strong regulations which prevented the entrance of new competitors by either impeding or restricting outsider companies from trading in characteristic financial services.

As the legislation became more flexible, some large-sized companies began to compete with banks with certain financial products. The new technologies have made it feasible to offer a great variety of products and financial services to a large number of customers through the new distribution channels with a relatively small investment. The new competitors meet customers' needs, such as convenience, flexibility and low cost.

Competition from non-banks is proliferating: important retailers, insurance companies, car manufacturers and others are entering the market looking for the high profitability of banking and the

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diversification of their business. They are taking advantage of a growing accessibility, new technologies and customers' trust in well-known brands in other markets.

The banking sector is trying to hold its position and non-bank competition is currently small. The competitive impact is greater, however, because new entrants are focused on the most profitable products, avoiding a full banking service. Besides, they possess and will try to make use of a comparative advantage in transaction-based banking services to get the best customers from the banks.

Although their participation in the market is still low, the number of new competitors is increasing, and traditional banks have felt obliged to start taking note of them, by incorporating new technologies (mainly the internet) into their strategies. Some financial companies have decided to ally with new competitors, while others have started to make use of the same weapons as their opponents, either by creating subsidiaries to distribute products through new distribution channels or by simply giving their customers the opportunity to contact them through these channels.

The existence of non-banks shows that traditional banks have also been slow to deal with market changes, with new technologies and new customers with different needs, who are concerned about value but not about historical brands. For these customers, a wide physical distribution network goes unnoticed, and a strong brand is not enough. Instead, non-banks are using aggressive and rapidly-growing strategies through innovations in technologies, marketing techniques and products.

Certainly, banks are in a good position to win the struggle to maintain the financial relationships with their main consumers. The pressure of new competitors will intensify, however, making banks lose market share, although, at least in the short term, they will hold their leading position in the banking service and product market. The coming years will be decisive for banks.

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