

# A major factor of technology

Technology



Technology is a major factor that has influence Halifax; it changed the number of services that it could provide to its customers. The introduction of advance telephone system in the UK allowed people access to tele banking. People no longer needed to enter a branch to find information or enquiries about their accounts. All this could be achieved by simply using a telephone. " Halifax Direct, the 24-hour telephone banking service, opened September 1995. "(www. mintel. com) The introduction of cash machines in the early 1990's give customers easy access to their cash as well as other services such as checking the balance or cashing cheques in.

The machines allowed 24-hour access that was convenient to the customers when they needed it if the bank was closed. Now most major banks have cash machines built into their buildings and will likely to continue in the future. The introduction of credit/debit cards made banks more competitive when is comparing rates charged. Different banks charge different rates of APR, this will be the deciding factor for the customers when deciding to open one. Banks are always trying to lower its rates compared to its competitors.

The cards allowed the customers to purchase goods without the need for cash in hand and it is good for security as opposed to carrying cash. Halifax, at the moment offers six different types of credit cards like the Platinum Card or the Halifax Platinum Cashback Card. This is done to the changing lifestyles of its customers where convenience is a major priority. The Internet is a major factor. This opened up another new service that Halifax could provide: Internet banking at Halifax Online. This allowed customers 24-hour access to their accounts, find information and open more or new accounts.

The website could accommodate many users at once, so that there are no queues. Internet banking plays a major role for all the leading banks today and each have its own website. The downfall of Internet banking is security, not everyone is happy to give out their personal details on the Internet and it does put off potential customers. However it will be a major service in the near future as more people have access to the Internet and also more computer educated. Deregulation in the UK such as the Building Societies Acts 1986 and 1997 removed the restrictions it had on Halifax.

It allowed Halifax to offer more services to customers increasing its service portfolio. Today Halifax offers many financial services to its customers such as savings, personal loans, investing, insurance, bank accounts, credit cards, share dealings and holiday. In the past it would have only offered a limited range and people would likely to have gone there just for mortgages. The services or products are a key issue when attracting both new and existing customers in the long term and Halifax has maintain and diversified to meet the needs.

" A new advertisement sees the Halifax promote use of its credit cards abroad. Developed by Delaney Lund Knox Warren, the burst features Yvonne McBride singing about Halifax's cards to the tune of Ricky Martin's *Living on a Prayer*" ([www. mintel. com](http://www.mintel.com)). This would appeal to people who have regular holidays. Deregulation also allowed Halifax to convert into a plc and sell shares on the London stock exchange raising a huge capital. The plc status may down the friendly image of building societies with customers but Halifax have actually introduce a new friendly, inviting infrastructure of its branches throughout the UK.

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The increased competition in the domestic market and policies that favour free competition and markets led to immense pressure and many smaller institutions could not survive. Halifax merging with Leeds Permanent Building Society and the Bank of Scotland give it huge resources and a larger diversified portfolio to survive against the threat of new competition from Marks and Spencer, Tesco, or Virgin etc. The threat of these new non-financial institutions needs to be taken seriously.

They already have established branch networks that regularly have contact with customers and are household names already. If they diversify into mass-market financial services, Halifax could lose its high profits in the long term. Supermarkets selling petrol and music CDs have already creamed profits away from music chains and traditional petrol companies. Halifax need to ensure it will have a competitive advantage over the non-financial institutions in the long run. Economic factors that have influenced Halifax would be the introduction of the Euro.

This has meant that Halifax's business systems would need to adapt to the changes increasing the operation costs. The interest rate has a huge impact on lenders and borrowers. High interest rates will increase lending while low interest rates will increase borrowing. Halifax need to anticipate these changes because high interest rates are likely to encourage people to save more and therefore demand for accounts will be high. The state of the housing market is a key factor for Halifax's mortgages, if it is buoyant then the demand for mortgages will be substantial.

This is important for the long term, as it is one of Halifax's major financial services. Halifax also aims to spread business risks by increasing its range of activities to its customers. It has launched or acquired many companies that became part of the Halifax Group. Mentioned earlier, these companies include Clerical Medical, Halifax treasury division, Paramount Bank or Bank One International and many more. All these activities had led to diversification of business and also increasing its business opportunities to generate more profit.