

International Experience in Ensuring Road Safety

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Abstract: The article presents key aspects of theoretical basis of the banking sector in the context of digitalization - trends in the development of digital technologies of the bank, changes under their influence in business processes, banking products and services, service models and the development of its own ecosystem. The development of the banking system based on the use of end-to-end technologies will solve many problems. For example, end-to-end technologies such as machine learning, artificial intelligence, blockchain, P2P lending, robo-advising will accelerate technological changes, personalize offers, increase the speed of banking transactions, increase the accuracy of calculations, and reduce the risk of intentional distortion of reporting data.

Keywords: Digital banking, information technology, global banking sector, banking services, converting, network economy, digital transformation.

The development of information technology has a great impact on the economy, human behavior and society as a whole. It is the global banking sector that has undergone significant changes over several years, mostly due to the digitalization of both the environment and business. The variety of technologies available allows people to adopt new ways of interacting with each other and with business. Customers are using more and more channels to receive banking services, using new platforms to interact with banks. At the same time, technology is adapting to changes in people's behavior, resulting in more and more effective and low-cost solutions for business development. As a result of digitalization of banking processes, customer experience is expanding. The term digitalization means converting information into digital form. However, in a business context, digitalization typically refers to two types of changes to operating models. The first is the transfer of communications to digital channels, and the second is the automation of routine operations.

The use of digital technologies and analysis of large data sets makes it possible to create fundamentally new banking products. Digital and technology companies are entering the financial services market, and large traditional banks are creating ecosystems, focusing on the most profitable components within the banking value chain and beyond. The banking sector is moving in the same direction as the global one. Service models are changing significantly under the influence of digital technologies, P2P lending, robo-advising, as well as as a result of the development of an integrated network economy. Barriers to entry into the market for non-bank players are being lowered, and telecommunications and IT companies are launching financial services and products based on their competencies. Large and technologically advanced banks are creating their own ecosystems, which open up new, non-traditional sources of income. These trends are shaping the direction of the industry, and it is important for banks to take them into account in their strategies. The banking sector is a typical example of the consumer archetype. The demand for innovation here is largely driven by consumers. Their main requirements are a

reduction in the time it takes to complete banking transactions, the ability to carry them out 24/7, more convenient use of banking products and services, and the ability to receive other services along with banking ones using a single interface. These needs are the driver of innovation in the industry.

The pace at which new ideas, technologies and business models are emerging is rapid, so speed to market and quality are key to competitiveness and maintaining customer loyalty. To successfully develop and implement innovation, banks should define a long-term strategy for focused work in this area with clear goals for the three types of innovation. Effective work with process innovation is impossible without a plan for digitalization of internal processes. Achieving the required speed to market for new products, a key driver of product innovation, requires partnerships and the right competencies in both technology and people. When working with innovations in building a business model, it is important to focus on increasing non-banking sources of income by developing your own ecosystems and partnerships. The central bank can facilitate this process by continuing to create a favorable climate for banks to work with innovation and actively supporting financial infrastructure, including such non-traditional organizations in the banking industry as accelerators, business incubators and independent companies.

The banking sector is a locomotive for the implementation of digital and technological solutions and a supplier of personnel to other industries. Leading banks that undertake digital transformation will be able to expand the range of products and services they provide within their own established ecosystem. Medium and small banks will become segmented players outside the ecosystems of leading banks. Non-bank players (telecommunications and IT companies) will provide more and more financial services and will become full-fledged competitors of traditional banks. Clients, in turn, will be able to receive additional services from their bank related to telecommunications, retail trade, education, and healthcare. Offers will be personalized, and the speed of banking transactions will increase significantly.

The driver of product innovation in the banking industry is such technological and digital trends as analysis of large data sets, machine learning, in-depth analytics, artificial intelligence, robo-advising, as well as blockchain, which allows transactions without the participation of intermediaries and back offices. It is on the basis of end-to-end technologies that fundamentally new ones are created, including banking products with commercial potential, services, opportunities and services that previously required the personal presence of individuals and legal entities in the bank, and have now moved to the online environment, customized offers, discounts, investment services and chatbots to help customers select products. The main motivation for releasing product innovations in banks is to attract new customers and retain old ones by fully satisfying their needs. It now takes no more than a week to open a bank account and issue a card; in some banks - one day. Interbank transfers are completed in a matter of minutes. This acceleration of processes has facilitated the transition of a client from one bank to another, which has made increasing customer loyalty one of the main tasks for banks. Therefore, to attract and retain customers, banks are releasing fundamentally new digital products.

The relationship with the client develops: the number of interactions is reduced, but at the same time they become more effective. Communication plays an integral role in ensuring customer loyalty. In addition to personalizing offers, banks need to develop omnichannel service. It involves not just communication with the client through various channels (multi-channel), but the integration of these channels into a single system, which allows you to create a more accurate and informative CRM system and then use the received data to create a more personalized approach.

To release product innovations, it is necessary to constantly generate new ideas. Continuous monitoring of trends and identification of customer needs are decisive factors in generating relevant ideas with commercial potential. In addition, the speed of launching new products to the

market is very important for the development of product innovations: the faster a bank brings new innovative products to the market, the more competitive advantages it gains.

The main benefit of digital transformation for commercial banks is to reduce costs and speed up operations. The largest banks, with the right talent and ambitious leaders, are investing in digital technologies and benefiting greatly from their economies of scale. The success of the innovative transformation of the banking sector will depend on a number of factors. Credit institutions should reconsider their strategy and determine directions for further development. Most likely, for leading banks this is a full-scale digital transformation with subsequent transformation and creation of business processes in the form of an ecosystem. For other banks that do not have enough investment and competencies, the best solution may be to provide basic services under a foreign brand. It is necessary to create a favorable climate within companies for working with innovations. The success of the innovative transformation of the banking sector will depend on a number of factors. Credit institutions should reconsider their strategy and determine directions for further development. Most likely, for leading banks this is a full-scale digital transformation with subsequent transformation and creation of business processes in the form of an ecosystem. For other banks that do not have enough investment and competencies, the best solution may be to provide basic services under a foreign brand. It is necessary to create a favorable climate within companies for working with innovations.

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