

FEATURES OF DIGITALIZATION OF THE BANKING STRUCTURE IN THE CONTEXT OF GLOBALIZATION

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Abstract

The object of the study is banking credit organizations operating with the use of new information technologies. The subject is digital banking technologies. The methodological base was made up of a systematic approach in the field of analysis of the functioning of banking credit organizations; method of comparative analysis, on the basis of which the performance indicators of banking credit organizations are interpreted; a method of dynamic analysis that made it possible to identify the main trends in the development of the banking sector. The goal is, based on the generalization of the collected data, to determine the main trends in the digitalization of the banking sector and the risks associated with it. The activities of credit institutions are undergoing a stage of digital transformation and the introduction of new technologies. Innovations in the banking business are associated with the emergence of electronic money and the gradual transition to settlement with it, the use of an electronic digital signature, contactless payments, the use of blockchain technologies, the Internet of things. The usual approaches to customer service are being replaced by best practices, and a gradual transformation of a traditional bank into a multifunctional IT company is taking place. This transformation involves the growth of threats in the field of information security, requires the improvement of approaches to managing the relevant risks in the bank's activities.

Keywords: digital economy, bank, digitalization, digital banking, innovation, risk.

The development of the economy is always based on the introduction of innovations. Active changes are taking place in a variety of industries. The digital economy is an economic activity focused on the use of digital and electronic technologies. The leadership in the growth of the digital economy in terms of GDP belongs to the UK, the USA, Japan, and China. An essential condition for the development of digitalization is the level of digital literacy. According to experts from the Analytical Center of the National Financial Research Agency, indicators characterizing the readiness of society to actively use new technologies in everyday life and business have improved, but indicate a low involvement in the digitalization process of a significant proportion of the population.

Digitalization is transforming the structure of the economy, existing market models, and improving the quality of people's lives. An integral part of these transformations is the digitalization of the banking sector. Financial institutions worldwide will have to reposition

themselves strategically, organizationally and operationally if they want to successfully use the opportunities offered by digitization. It describes the paradigm shift in customer behavior and shows which issues need to be tackled now. In the face of tighter regulation, low interest rates and high cost pressure, many banks around the world are neglecting a key challenge: the growing desire of their customers for rapid and far-reaching digitization. The current Bain study "Retail Banking: The Digital

Challenge" documents the enormous need for action in the financial sector and uses numerous examples from the industry to show how banks can manage the necessary restructuring of their business models. Digitization is hitting the banking sector with full force, even if many institutes are not yet aware of this development. In other sectors, digital technologies, mobile forms of communication and vibrant social networks have long since led to far-reaching upheavals. Former world market leaders like Kodak failed to catch up with digital technologies and were forced into bankruptcy. Other companies, such as Apple with its iTunes music program, have become industry leaders in industries where nobody had previously considered them. Now the banks are also running the risk that providers from outside the industry will gradually take over a growing part of their core business; for example currently with payment systems on the Internet. Some providers from outside the industry meet the customer needs of a generation that has grown up with digital technologies better and more cost-effectively.

Currently, several additional definitions of the term "digitalization" have been adopted. According to Gartner, digitalization is the improvement of existing business models, the emergence of new opportunities for creating added value using digital technologies. It covers several areas, among which are: changes in thinking, changes in leadership, technology adoption, resource digitization and innovation absorption. Thus, the term "digitalization" should be distinguished from a similar term - "digitization"; the former rather refers to the impact of digital technologies on the organization, while the latter represents the transition from an analog solution to a digital one. Digitalization is the renewal of an organization with the help of new information and communication technologies. According to K. Matt, digital transformation is a complex process that includes: changes in value creation, structural changes and the use of technology and financial aspects - and is designed to solve the problems that banks currently face. Digital transformation is blocked by a number of barriers that can prevent or even destroy this process.

Driven by established regulatory standards, known as Basel III, banks are looking to move to new technology standards such as Regulatory Technology (RegTech) that can facilitate the digital transition.

RegTech is an emerging trend utilizing information technology and digital innovations that can greatly assist the bank's regulatory management process.

Among the main effects of digitalization, scientists and business practitioners distinguish the following:

- changing consumer expectations;
- adding value to the product/service through improved data management;
- transformation of operating models into new digital ones;
- formation of new forms of cooperation and partnership.

For example, big data technologies allow bank employees to see a complete customer profile before making a decision on loan terms (thanks to the analysis of information from social networks, the media and other aggregated data sources).

This approach allows you to create a psychological profile of potential customers, predict their solvency, increase efficiency and effectiveness of work. Such changes lead to the emergence of new business models that can be used by Russian banks as a more efficient resource configuration. In addition, new ways of cooperation between banks and with their partners, in particular with financial technology start-ups and partly with fintech, are emerging. However, digitalization is currently significantly changing the familiar banking sector.

This process has become even more evident and rapidly developing during the quarantine period due to the COVID-19 pandemic. Each medium-sized bank will inevitably have to play on the same field with large competitors. It is easier for large credit institutions to create unique personalized offers for each client using modern IT services and technologies based on Big Data.

Competition in the banking services market is shifting from the bank's pricing policy to the area of service quality, ease of interaction and communication channels, completeness of the product offer, personalization opportunities and product design. Therefore, only banks that are able to offer customers a full range of products and services in the most convenient way can actively increase their customer base and sources of income. For the majority of Russian banks, the implementation of such projects is extremely difficult. In the medium term, small and some medium-sized banks may not be able to cope with the growing competition in the market, competition between large banks will also intensify.

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