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# BANKING BUSINESS IN THE CONDITIONS OF DEVELOPMENT OF DIGITAL TECHNOLOGIES: NEW OPPORTUNITIES AND THREATS

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**ABSTRACT:** . This article discusses issues related to changes in the structure of the banking business in the context of digitalization. The main components of the management system for the implementation of digital technologies are highlighted: the client segment, operational processes, business models. The most promising financial technologies for the transformation of banking are summarized. Particular attention is paid to the analysis of threats to the banking business in accordance with the requirements of the digital economy.

**Keywords**: banking business, digital technologies, economics, business model, information technology,digitalization

## INTRODUCTION

At the present stage of economic development, the financial system is in the process of development in accordance with the requirements of the digital economy. Due to the development of information technologies, business processes are being transformed, which implies changes in bank management.

Innovative development is the main opportunity for sustainable and long-term growth in the efficiency of banks. This process involves the introduction of innovative technologies on an ongoing basis, which will lead to a full-fledged digital transformation of the entire economy.

In today's banking business, bank leaders focus on three key areas of activity: customers, operations, and business models. Bank clients become not just consumers of services, but their incentive. The use of various technologies that simplify the system for obtaining a particular banking service entails changes in the client structure. The most promising financial technologies include:

- mobile technologies;
- artificial intelligence;
- robotization;
- biometrics;
- cloud technologies.

Artificial intelligence is a field of informatics aimed at creating systems capable of thinking like a person: solving various problems, reasoning. It is one of the advanced modern technologies used in the banking sector. Artificial intelligence helps clients receive up-to-date information about the current market structure, offers for financial products in which it is advisable to invest. An automated voice system helps customers learn the details of transactions. With the help of chatbots, banks can understand the requirements of each client, form the right commercial offers, and implement loyalty programs..

Thus, Rosbank, with the support of Philosophy.IT experts, has implemented the Smart Engines artificial intelligence system, which makes it possible to automatically process and enter customer data when opening accounts and performing banking operations where identity verification is required [8]. The technology makes it possible to reduce the time

for opening customer accounts from 20 to 5 minutes. Based on Smart ID Reader, automatic recognition of the Russian passport and identity documents of more than 200 countries is implemented. This solution allows you to recognize documents in mobile applications, server solutions and front office systems. Smart ID Reader also provides the ability to recognize documents in the video stream.

Smart technology is used to recognize and automatically enter KYC questionnaire data and consent to the processing of personal data.

Document Reader. Artificial intelligence recognizes data from scans and photos of documents in two seconds (more than 70 details for each client) and performs about 15 automatic data checks.

Another bank to introduce artificial intelligence (AI) into its activities is Tinkoff Bank, which is developing a voice assistant for a mobile bank. Assistant "Oleg" will help users in solving financial and everyday problems. For example, transfer money or reserve a table in a restaurant. At the same time, Oleg's voice will not be the same as that of a businessman .

The next promising technology for the development of the banking business will be the analysis of biometric data by artificial intelligence in the selection of financial products. Biometric data are unique characteristics of a person that allow to identify a person with an accuracy of up to 99% . These characteristics include a fingerprint, a pattern of veins on the back of the hand, an iris of the eye, an image of a face, a voice.

The new improved ATM of Sberbank has become one of the most unexpected innovations. In addition to NFC readers, which are already installed on almost the entire fleet of devices, the bank has introduced voice input and biometrics. With the help of voice commands, the client can withdraw the desired amount, as well as deposit money. No need to touch the screen of the device once again if your hands are busy. Biometrics reduces the number of contacts to a minimum, it allows you to use the services of an ATM without resorting to a card or smartphone. The services of each ATM will depend on its actual location. For example, if this is a device at the airport, then first of all, ordering a taxi or buying an Aeroexpress ticket will be relevant there. If in a business center, the client will be offered to order food home and purchase movie tickets. At the station, the user will see buttons for buying train tickets and a ticket printing function.

Transformation of operational processes is the second direction of the banking business associated with such a term as digitalization - changing the operating activities of banks by reorienting them to new values and customer needs, increasing the efficiency of banking services by reducing operating costs associated with the maintenance of banks (employee salaries, rent, maintenance of property).

One of the areas in this area should be allocated Internet banking, the essence of which is to provide services to the population around the clock.

Consider the rating of Internet banks (Internet Banking Rank 2019), based on an assessment of functionality and user-friendliness in accordance with two business models: Daily Banking, Digital Office, - in Figure 1. Tinkoff Bank occupies a leading position in the functioning of a digital office with scores of 90.5; Alfa-Bank occupies the last position with a score of 59.8.

The last direction that bank managers should focus on is the development of business models. Today, in the conditions of digitalization of the banking sector, specialists with knowledge in the field of informatics and computer science are more in demand. The main area of activity of the analyst is working with Big Data. "Big Data" is a big data

technique applied in the analysis of customer spending patterns.

Banks have direct access to a large amount of data on the client's expenses, they know how much was transferred as a salary, how much was spent on a savings account. Consequently, bank employees, having a large amount of information, must think systematically, have the ability to build logical chains, evaluate the issuance of a loan, mortgage and cross-selling of several financial products, such as insurance.

To form the above competencies, banks should improve the training system and motivate employees. The organization of master classes, the invitation of speakers, the development of a cloud platform will create a high level of team qualification.

Sberbank is successfully developing in this direction. In 2018, based on the SAP Success Factors cloud solution, he implemented a project on digital

education for bank employees. On this platform, employees can engage in self-development, learn online using assessment, see vacancies, and managers can track the dynamics of each employee, evaluate his skills and make predictions for the future.

However, as a rule, with the introduction of new technologies in various sectors of the economy, there are many risks and threats that slow down its pace. So in the banking sector, the more complex structure is forced to respond to new economic challenges and threats. Key challenges and threats for the banking business are presented.

The factors presented in the table have a negative impact on the banking system both in the short and long term. In addition to them, today there are

The current situation in the sector highlights the inconsistency of the technologies being introduced and the underdevelopment of

the emerging ecosystem in which banks interact with technology companies.

Thus, we can conclude that the intensive development of the banking business in the context of digitalization will occur when all conditions are created to eliminate threats [2]. Directions for strategic decisions can be:

- creation of a new work culture based on the principles of cooperation and equal conditions for all, development of a more integrated work culture at all stages of labor activity;

- ensuring the compatibility of new technological solutions purchased from different external suppliers;

- integration of the goals of the compliance system in terms of control and accountability with the strategic goals of the bank, including development, simplification of operations, risk management and cost optimization.

- introduction of proactive control over cyber risks in its activities on an ongoing basis.

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