



## TASK #2

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## **IMPACT ON DIGITAL TECHNOLOGIES IN BANKING SECTOR**

Digitization is the use of digital technologies to change business models and provide new opportunities for revenue and value production, which is the process of transitioning to a digital business context. The evolution of digital technologies is disrupting the banking industry in many ways. In addition to introducing innovative products and services, creating new business models, rapid adoption of new technologies and constant regulatory changes, banks are undergoing a paradigm shift. Digitization is sure to have a disruptive impact on the entire banking value chain and should be supported by efficient change management and value chain analysis to minimize any adverse business impact. Some of the major impacts on a bank's core value chain activities are recognized as infrastructure development, workforce management, and technological advancement, among others.

Depending on the level of adoption of digital services, the business models of banks are also evolving, with fully digital banking, customer-oriented omnichannel banking and payment banking already gaining in importance. ICT and fintech developments are acting as a key driver for the digitization of banking services ranging from cloud computing, mobile applications, blockchain, artificial intelligence and big data analytics, and are the backbone of disruptive business models in the banking sector to create a agile customer-oriented architecture. . To ensure the customer experience across all channels, banks must verify that back office processes are adapted and optimized, regardless of the channel used by the customer. Processes can be further digitized through the automation of robotic processes and improve the accuracy and efficiency of digital services provided by banks.

Likewise, amid rapid technological evolution, digitization has increased the need for a robust multi-domain governance and risk management framework in the context of ubiquitous digitized banking. These synchronous structures can no longer be confined to individual banking functions and require competent leaders with cross-functional capabilities to successfully manage challenging disruptive change. At the same time, the researcher identifies emerging forms of digitization in the banking sector; namely,

- BaaS: banking as a service that enables the integration of third parties
- BaaP: banking as a platform for integration of central systems with software
- Cloud-based infrastructure that is less dependent on IT staff

The above discussion and analysis indicates that the digitization of banking and financial services has a beneficial effect on general social well-being and quality of life, economic progress and financial inclusion, especially in the long term, although the effect would vary given the degree of digitalisation of especially the country's banking system. Services. In conclusion, some requirements are fundamental and common in countries that are mainly in the limited, emerging and transition phases of the digitalization of services, including financial services, namely:

- Adopting an ecosystem philosophy
- Formulating a national agenda
- Promoting sustainable competition
- Manage control measures.

Present study is descriptive in nature; accordingly, reviewed the articles in Emerald, Springer, Taylor & Francis and related journal databases. Google Scholar and Scopus search engines were also used to ensure coverage of publications in other databases. Digitalization in banking, digitalization, Digital banking, keywords were used for searches.

Key-words: Banking, Digitalization, Innovation, Technology

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