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Types of Digital Banking Services and Increasing Their Popularity

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Abstract

The theoretical foundations of the concept of digital banking, a number of attractive advantages for the banking business, corporate clients and consumers of banking services are considered. Questions about the factors of digital banking development and what trends are expected in the development of such an innovative industry in the rapidly developing world of technology were taken into account and disclosed.

Keywords: *Digital Banking; Theoretical Foundation; Banking Service; Account; Attractive Advantage; Banking Business; Corporate Client*

Introduction

The bank's job is to provide clients with financial services that help people to better manage their lives. As technology develops and competition increases, banks offer different types of services to stay informed and attract customers. Regardless of whether the first bank account has been opened or managed for many years, it helps to learn about the different types of banking services available. This ensures that the maximum return from the current financial institution is possible. Deciding which services are the most important can lead the customer to the bank that best suits his needs.

The Main Findings and Results

"Digital banking" arose from the increased demand of consumers for more effective ways of accessing bank records and conducting financial transactions outside local subsidiaries.

Digital banking is the automation of traditional banking services. Digital banking allows bank customers to access banking products and services through an electronic online platform. Digital banking means digitizing all bank transactions and replacing the physical presence of the bank with a permanent presence on the Internet, eliminating the need for the consumer to visit any branch of the bank.

Some advantages of digital banking should be mentioned. Moving to a more technologically sophisticated way of doing business, it goes without saying that the benefits outweigh the costs for a long time. Similarly, digital banking as a technological by-product is designed to make life easier for bank customers. Digital banking has the following advantages:

- Digital banking allows consumers to perform banking functions from home, whether it's an elderly man who's tired of waiting in line, or a working-class professional who's busy with work, or an ordinary person who doesn't want to go to a bank branch to do one job. It also provides convenience.

- In addition to the offered convenience, digital banking allows the user to carry out banking activities around the clock, having access to banking functions at any time convenient to the client.

- One of the biggest drawbacks of traditional banking has been the excessive emphasis placed on paper, which has been overstretched by the collection of documentation. Banking became paperless with the development of digital banking as a service. The user can log into his account at any time to track the records.

- Digital banking allows the user to set up automatic payments for regular utilities such as electricity, gas, telephone and credit cards. The client no longer needs to make conscious efforts to remember the payment terms. The Client can choose notifications about upcoming payments and outstanding contributions.

- Online shopping has become an easy walk, and payment channels have become well integrated with online shopping portals. Internet banking has made a significant contribution to online payments.

- Digital banking, which provides services in remote areas, appears to be a step towards holistic development. With smart phones at affordable prices and Internet access in remote areas, rural people can maximize their use of digital banking services.

- Digital banking-enabled transfers reduce the risk of currency counterfeiting.

- With digital banking, the user can report and block inappropriate credit cards at the click of a button. This advantage greatly enhances the privacy and security available to the bank's customer.

- By promoting a cashless society, digital banking limits the circulation of black money, as the government can track the movement of funds. In the long term, digital banking is expected to reduce the requirements for currency minting.

Is Digital Banking Safe? Contrary to popular belief that digital banking creates security problems, most readers will be surprised to learn that digital banking is safer than traditional banking in subsidiaries. While digital banking forums are vulnerable to vulnerabilities and hacks, such as phishing, farming, identity theft, and key-logging, banking institutions invest heavily in their security systems. Security is at the forefront when considering a service such as digital banking. If security is compromised, banks will lose a critical sales factor, and more than risking user data and resources, banking institutions cannot afford negative publicity.

In a hypothetical scenario, when banks do lose a customer's money because of a hacker, a customer of the bank will be entitled to the amount due from the bank balance only because the client's money is protected. Therefore, to avoid massive public responsibility and bad publicity, banks are obliged to invest heavily in enhancing the security of digital banking platforms.

According to the Deloitte Research Report on Obligations for a Fully Digital Bank, every bank seeking to become fully digital requires the following as key factors for its success:

- Currency orderability;
- Customizable position settings;
- Accounts related to the status of tax credits;
- Card lock function;

- Innovations in secure storage;
- Integration with investment channels of the stock market;
- Financial management analyst;
- Enable account grouping in different banks;
- Easily accessible assistance.

Replacing physical banking with digital banking right now seems like a far-fetched dream. Digital banking is convenient for repetitive basic banking functions. However, customers prefer human interaction to make more important and non-standard decisions, such as obtaining credit or negotiating loan terms.

More and more banks are coming to understand that data need to be not only accumulated, but also fundamentally changed. Banks have separate data departments and data officers are appointed.

Accenture, working in the field of management consulting, information technology and outsourcing, conducted a global study of banking technologies Vision 2019, which was attended by top managers and IT managers of 748 banks from 30 countries. The vast majority of respondents (96%) stated that the pace of technological innovation in their organizations has accelerated significantly over the past three years. In particular, 73% of banking executives believe that social, mobile, analytical, and cloud technologies (SMACs) have led to significant changes over the past five years.

In her research, Accenture identified five trends that will have the greatest impact on the banking sector in the coming years.

These include the use of DARQ technology, customization of customer needs, staff development, cybersecurity risk management, and the 24/7 implementation of most services.

The first is the use of technologies of the so-called DARQ group, which includes distributed registry (D - DLT), artificial intelligence (A - Artificial Intelligence), extended reality (R - Augmented Reality), quantum computing (Q - Quantum).

In the opinion of 47% of respondents, artificial intelligence will have the greatest impact on organizations. 19% of respondents identified quantum technology as a priority, 17% noted distributed registry systems and 15% of respondents noted extended reality. At the same time, 90% of managers are already experimenting with one or more DARQ technologies.

Trend number two - the use of technology to personalize needs and achieve a new level of digital intimacy with the client. The ability to analyze and interpret the actions of users, respecting their privacy, allows you to create a high-quality individual service that increases customer loyalty. 85% of bank executives believe that the use of digital demographics will help to better understand the needs of customers. Almost 30% of respondents expect exponential growth in digital customer data to be managed by their organization over the next two years.

The third trend Accenture experts call training of employees using new technological tools. More than 75% of top managers are sure: employees have a higher level of “digital maturity” than the banking organizations in which they work and expect an active digital transformation from the employer.

The researchers noted the need to apply the concept of “Man + ” in banks, in which each employee will use a combination of their own skills and knowledge along with a constantly changing combination of technologies, from artificial intelligence to training platforms. For such a package to succeed, banks will have to pay great attention to continuous training of personnel.

The authors of the study called the strengthening of cyber protection the fourth trend. Banking information systems are becoming increasingly interconnected with partner IT infrastructures, which means that their potential vulnerability is growing.

Conclusion

By building ecosystems around themselves, banks should build resilience in cyberspace in a way that protects everyone. Despite the global trend towards open banking (banks provide access to part of their information assets and third parties gain access to data), only 51% of bank executives rated customer trust to their partners as “particularly important”. Nor do banks make sufficient efforts to ensure that their partners are worthy of the trust of the end customers.

As the fifth trend, analysts named the conversion of most services to 24/7 mode. With the help of technology, banks are becoming more and more non-stop. For example, Rocket Mortgage, through its online platform, can offer initial mortgage solutions in just 8 minutes, and the financial conglomerate BNP Paribas opens a new account every 30 seconds. 87% of top bank managers agree that the combination of real-time customization and service provision is the basis for a future specific benefit. In practice, however, the situation is much worse: only 38% of respondents say that their organizations give priority to a personalized approach to the delivery of products.

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