

**Shangyuan Guo**

*School of Business of BSU, Minsk, Belarus, 709742898@qq.com*

## **THE STATUS AND PROSPECTS OF COMMERCIAL BANK BUSINESS PROCESSES IN THE CONTEXT OF DIGITIZATION**

*With the continuous development of digital technology, commercial banks are becoming more and more rapid on the road of digital transformation. In order to better serve customers, commercial banks have started to promote digital transformation and actively explore applications in digitization, wisdom and scenario-based, which have achieved obvious results. Digital technology has enabled banks to have greater advantages in the field of financial services and has led to innovation and changed the status of bank business processes.*

**Keywords:** commercial banks, digitization, economic development, business status, development prospects

**Шаньюань Го**

*Институт бизнеса БГУ, Минск, Беларусь, 709742898@qq.com*

## **СОСТОЯНИЕ И ПЕРСПЕКТИВЫ БИЗНЕС-ПРОЦЕССОВ КОММЕРЧЕСКОГО БАНКА В УСЛОВИЯХ ЦИФРОВИЗАЦИИ**

*С непрерывным развитием цифровых технологий коммерческие банки все быстрее становятся на путь цифровой трансформации. Чтобы лучше обслуживать клиентов, коммерческие банки начали продвигать цифровую трансформацию и активно изучать возможности применения цифровых технологий, основываясь на опыте и сценарных подходах, что позволило достичь очевидных результатов. Цифровые технологии позволили банкам получить больше преимуществ в сфере финансовых услуг, привели к инновациям и изменили статус банковских бизнес-процессов.*

**Ключевые слова:** коммерческие банки, цифровизация, экономическое развитие, состояние бизнеса, перспективы развития

With the rapid development in the background of digitalization, the process and mode of banking business have been greatly changed. Digitization of bank business processes provides strong support for online banking, broadens the channels of banking business, strengthens the customer relationship management of banks, and also provides better conditions for specialized and personalized banking services.

The digitization of business processes of commercial banks not only greatly accelerates the processing speed of banking services, but also makes it more convenient for customers to realize fast and efficient handling of banking services, and improves service quality and user experience. Through the continuous improvement and methodical perfection of digitized business processes of commercial banks, continuous iteration and development, the main business of banks has been greatly developed, ensuring faster and better service experience.

### **The current business situation of digital transformation of commercial banks**

The current business situation of digital transformation of commercial banks is mainly in the following three aspects:

#### **1. Online banking business**

With the continuous development of digital technology, commercial banks have provided customers with more convenient, fast, secure and accurate financial services by establishing online banking service platforms. Online banking not only provides customers with better financial management tools and

financial products, but also reconstructs the bank's processes through intelligent technology to provide customers with better services within the customer scope usually.

## 2. Internet Finance Business

Internet finance is an important part of the digital transformation of commercial banks, which provides consumers with more diversified financial services, offers new financial products and services, breaks the channel restrictions of traditional banks through the interaction between online and offline, and makes the characterization and pricing of PBOC possible.

## 3. Mobile Banking

Mobile banking is currently the most active financial product, bringing greater convenience to users by creating mobile applications that enable banking on mobile devices. The emergence of mobile banking is like a major innovation in banking, making the process of commercial banking more flexible and convenient, and is a further expansion of banks' financial services [1].

### **The development prospect of digital transformation of commercial banks**

The digital transformation of commercial banks responds to the demand of economic development. In the process of rapid economic development, the digital transformation of commercial banks has become the demand of economic development. In the ever-expanding financial market, digital transformation has become an inevitable trend for the further development of banks. Digital transformation also provides commercial banks with a broader space for development, further strengthening the reform and innovation of banks to better serve economic development [2].

In December 2021 and January 2022, two important guidance documents on the digital transformation of banks – the «Development Plan for Metals and Technology (2022–2025)» of the People's Bank of China and the «Guidance on the Digital Transformation of the Banking and Insurance Industry» of the China Banking Regulatory Commission (CBRC) – were issued. These documents outline the blueprint and clarify the development of the digital transformation of banks in the new era, and provide guidance to banks that are actively preparing for the digital transformation.

1. The banking industry enters a new stage of digital operation across the board, and the digital transformation strategy moves deeper and deeper.

The accelerated pace of digital transformation in the banking industry brings new opportunities, challenges, and missions to banks. Traditional banking existence and service forms will be reconfigured under technology-driven and data-enabled operations, and channels, services, operations, risk control, products, and organizational structures will be completely transformed, and how to drive the full-frontal transformation from point, line, and face to body requires banks to control the development trend of digital transformation from a strategic position. Therefore, the establishment of an agile and collaborative organizational structure is crucial to the implementation of digital transformation strategies. When adjusting the organizational structure, banks can consider embedding the technology team into the business line, i. e., a «three-in-one» combination of a business manager (familiar with the metal business and responsible for metal business development), a product manager (focusing on online product design and iteration), and an IT manager (focusing on product development, testing, and launch), to jointly create a digital product [3].

Digital talent plays an important role in the digital transformation of the banking industry. Key talents play a leading role in the transformation, and they are the focus of the transformation. Banking institutions should actively build a team of complex professional talents to match the digital transformation, continuously create an environment and attitude for training digital talents, and combine internal training and external introduction by establishing a long-term talent training mechanism and a market-oriented mechanism, so as to gather a group of high-quality digital talents who understand banking business and management, master new technologies and techniques, and think in new ways.

2. Increasing divergence in investment in metallic technology and further widening the gap in business capabilities

Under the major trend of digital transformation, banks have increased their investment in metal technology. The survey results show that more than 70 % (75.8 %) of the banks indicated that their investment in metal technology accounted for more than 2 % of their business revenue in the past three years, up 15.1 percentage points from 2020. According to the overall statistics of the CBRC, the six largest banks account for half of the banking industry's investment in technology, with a ratio of over 46 %. In terms of the scale of investment, large banks invested over RMB 20 billion, while small and medium-sized banks invested RMB 1 billion or even RMB 200 million. The difference in investment in technology predetermines the difference in business, with large banks with strong capabilities taking the lead in the overall application of digitalization; some joint-stock commercial banks have accelerated the deeper application of digital technology and have accumulated certain advantages in special businesses; small and medium-sized banks have more or less limitations and shortcomings in digital application capabilities .

3. Relying on advanced technology and innovative scenarios, the «road to advancement» of open banking is underway.

The development of metal technology has changed the way customers interact with banks, and the digitalization of metal services is accelerating, making the integration of scenarios and the creation of an open banking environment a new and growing trend in the banking industry. Leading banks are prioritizing the creation of a digital transformation strategy by focusing their business on the customer base in the ecosystem, and open banking is the way to go in this process.

### **Optimization measures for commercial banks' business development in the context of digital transformation**

Under the digital transformation, commercial banks are expected to gain more opportunities and benefits. On the road of development, commercial banks continuously promote their own digital transformation development, so as to better explore the opportunities of the financial market and put the advantages of digitization in commercial banks [4].

#### **1. Establish a customer-centric service system**

In the current digital transformation background, customer needs have also changed significantly, so commercial bank branches in the marketing and management process, in order to ensure that the work in place, need to establish a customer-centric service system to ensure the effective implementation of soft transformation operations.

#### **2. Digital talent team building is becoming more and more important**

The process of digital transformation is also the process of digital talent team maturing gradually, and it can be said that the digital talent team fundamentally determines the maturity of the digital capability of enterprises. With the advancement of digital transformation, commercial banks urgently need a large number of T-shaped talents who can effectively combine data capabilities with banking business, and have adjusted their talent development strategies for this purpose. We have developed online digital courses to improve the bank's knowledge, understanding and ability to use data, and gradually build a «full digital» talent system.

#### **3. Create intelligent internal management of the network with the help of modern science and technology**

As the operators of branch marketing and management, the quality of the transformation and upgrading of bank branches is closely related to whether their own professional ability and internal management mechanism of the branch meet the expected requirements. In the context of digital transformation, it is necessary to create an intelligent internal management of the branch with the help of modern science and technology.

#### **4. High application of new technologies**

Commercial banks actively explore the application of new technologies to promote their own online, data-based and intelligent construction. In remote banking, technologies such as OCR, biometrics and

voice semantic recognition provide strong guarantees for customer identity verification, information collection, compliance checking and other business processes, and improve the convenience of financial services. In terms of anti-fraud, technologies such as LBS (location-based services), big data, machine learning, and relationship mapping are used to track all transactions in a comprehensive and real-time manner to detect potential fraud risks, shorten response time, and improve KYC .

#### 5. Increasing importance of data information security

As a fundamental social resource, big data brings a powerful driving force for social progress and economic development, and the collection and protection of data has become the focus point of competition in the digital economy era.

#### 6. Digital risk management capability is the core capability of operation and management

With the development of digital technology, digital risk control has become an important grip for banks to strengthen risk management. Digital risk control refers to the effective combination of data and risk management to realize online, digital and intelligent risk management by combining practical experience with the support of digital technology and focusing on key aspects of commercial banks. Digital risk control requires commercial banks to establish a risk management system under data decision making to prevent, detect, and resolve potential business risks in a timely manner to achieve a win-win situation for both customer experience and risk management.

### Conclusion

In the context of digitalization, business process automation and intelligence will receive increasing attention. Specifically, the development of digital technology allows enterprises to better automate their business processes, thus reducing their costs and improving productivity. In the context of digital transformation, commercial bank outlets, as one of the important cores of bank channel development strategy, the current situation of marketing and management is not optimistic, and the industrial development has been hindered to a certain extent. Therefore, to fundamentally improve the current situation, it is imperative to continuously optimize the marketing and management mode of outlets.

### References

1. *Zhu, Zichao*. Research on digital transformation development strategy of commercial banks in the context of financial technology – based on SWOT-AHP quantitative analysis model / *Zichao Zhu, Haojing Wang* // *National Circulation Economy*. – 2022. – № 34. – P. 130–133.
2. *Lishuang, Huang*. Reflections on the digital transformation of commercial banks' operation management / *Huang Lishuang* // *Brand Research*. – 2020. – № 3. – P. 54–55.
3. In-depth good article Eight trends of digital transformation of banks [Electronic resource]. – Mode of access: <http://harmonsw.com/h-nd-11.html>. – Date of access: 20.03.2023.
4. *Yanan, Zhao*. The analysis of operation management of commercial banks under digital transformation / *Zhao Yanan, Ruan Penghong, Yang Jing* // *Northern Finance*. – 2020. – № 11. – P. 65–68.