

THE IMPACT OF DIGITAL TECHNOLOGY ON THE BANKING ORGANIZATION

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***Abstract:** The impact of digital technology on the banking organization is mainly reflected in customer behavior (which has become increasingly demanding), but also in the transformation of retail banks in response to market developments that have led to the optimization of customer experience on the Internet, the transformation of operational processes, the evolution of all organizations, the internal mode of operation and the business model. The purpose of this study is to clarify what implementation of digital technology involves in banking organizations, but also to present current and future developments in the banking field with regard to the implementation of digital technology. Thus, in order to adapt to the market and new customer behaviors and perspectives, the banking organization engages in a digital transformation that focuses on four key areas: optimizing customer experience, redesigning business processes, changing the bank's internal mode of operation. and transforming the model business of the bank.*

***Key words:** automation, customer experience, digital technology, disintermediation, interactivity*

***JEL Classification:** M15.*

1. Introduction

Some researchers consider digital the "locomotive of the third industrial revolution" and "digital transformation" is the result or consequence of other revolutions that have taken place long before and which are now perfectly integrated into our way of life. Given that digital technology is already an integral part of the private sphere and is part of a natural evolution, increasingly penetrating the professional sphere, it is unanimously considered a necessity for increasing the performance of companies. In other words, digital has also a resonance in the current banking system, described by changes in customer experience optimization, redesigning business processes, changing the internal mode and changing the business model of the bank.

1. Evolution of Bank Customers' Behaviors and Expectations

In terms of behavioral evolution, it can be described by the expectations of the bank's customers regarding the interactivity, continuity and ease of use of the services provided by the banking organization.

Indeed, when everything is available on the internet 7 days a day, every 24 hours, it becomes more and more difficult for a customer to have direct contact with the bank (at the counter), often incompatible with professional activity. This need for interactivity has been felt since the 1990s, with the establishment and deployment of call centers or customer services. Currently, it is illustrated by on-line consultation of banks' institutional sites, first reinforced by the development of NTC equipment, and by the development of smart phones and related mobile applications.

On the other hand, customers are increasingly looking for simplified services. The search for simplicity is a fundamental trend that is partly responsible for the development of mobile applications, which the customer, by definition, can permanently use. This search for simplicity is also the origin of new product and service ranges.

The latter is characterized by a multi-channel distribution (which allows the customer to have continuous access to bank accounts and services) as well as a "disintermediated" communication.

The client wants to have services tailored to his needs without delays or complex procedures. In order to do this, it is ready to go beyond traditional / institutional intermediaries and negotiate its own contract clauses or solve a problem that has arisen.

The "self-service" phenomenon also contributes to disintermediation.

The client, more and more agile with the new technology, more informed and much more impatient, prefers to manage their simple (or so-called "low value") operations from home (via the computer, the smartphone) or near it (hate). Cash withdrawals, balance consultations and bank transfers are some of the most common operations affected by this disintermediation.

In addition, customer behaviors have changed significantly and have a growing tendency towards building deals tailored to their needs.

2. Digital transformation of retail banks

The bank evolves and engages in digital transformation to adapt to the market and new customer behaviors and perspectives. This transformation mainly targets four key areas: optimizing customer experience; redesigning business processes; change the internal mode of operation and transforming the business model of the bank.

2.1. Optimizing customer experience

The bank has a customer-oriented approach and strives to better understand their customers and preferences to meet their expectations.

Big data plays a key role in this goal of better customer knowledge and allows, optimizing customer experience.

These data can be collected internally, especially through computer systems, and will take the form of socio-economic data, customer information (address, income, etc.) or transaction history, transfers etc.).

They can also be taken from the outside via media, such as social networks, commercial sites, or blogs. Whatever its form, Big Data is a great opportunity for the bank, allowing it to move from a "typical customer" analysis to an "individual customer" analysis, thus enabling a personalized offer of products and services. It is therefore a considerable competitive advantage for the bank.

In addition, banks are committed to publishing and promoting brand image more effectively through social networks, the media. Virtual communities are evolving and allow the consumer to find information and advice, and banks can build their trusted capital.

The bank has, even internally, a comprehensive database of its client portfolio (consumer habits, professional and personal situation, capital, etc.) and should be able to capitalize on this knowledge to transform the experience customers.

Therefore, the quality of the counseling can be improved by digitizing the bank branch.

2.2. Redesigning business processes

The automation process is a powerful growth opportunity for the bank. This allows it to shorten and simplify bank procedures. The implementation of specific software (ERP, CRM) enabled the bank to achieve efficiency and quality in its transactional, financial and transaction processing processes.

The automation process also releases working time for back office teams that can be reallocated to higher-value tasks. This technological development also enables organizations to be more agile.

The decision-making time is shorter, allowing for better adaptation to changes in the banking market. Thus, banks have the means to better prevent, assess and control risks.

Document dematerialization also allows for significant gains in net banking product, low processing times, back office costs and security. This dematerialization can be illustrated in a number of ways and can go as far as it does not materialize:

- configuring mailboxes (automatic sorting and redistribution of all e-mail messages in electronic version);
- automatic indexing of customer documents;
- electronic archives, automatic document readout, etc.

Automating the sorting, indexing, data input, or processflow process allows for significant gains in efficiency and security because it replaces previous manual tasks, often source of error (as it involves manual reprocessing) and time consuming.

In addition, dematerialization allows for new monitoring and traceability of processes, contributing more and more to their security. The electronic safe deposit box is an example of the potential gains that technology and digital can generally have for banks: time savings, storage and sharing of secure documents, cost savings. In addition, the electronic vault presents new complementary sources of income: a fee based on the amount of files to be stored and additional services (electronic certification of the date of the deposit and its non-modification etc.).

2.3. Change the internal mode of operation

If it opens up new perspectives in terms of gaining market share and innovation, digital technology brings radical changes in business, organization, and ways of operating the organization. The exchange of information is a first key point of this transformation.

Digital business also involves changes in business interaction modes: instant chat implementation is an example. In general, the company's culture changes so that we can better understand the customer and his expectations.

Employee equipment is also evolving to meet these efficiency and agility goals. Computers, phones, personal tablets, and third-party tools (Dropbox, Doodle etc.) are increasingly coming into the business sphere, as the company always lags behind in integrating these tools and new technologies, particularly restrictive and regulatory imperatives.

Contrary to what one might think, the digital transformation of the company is less a question of reconciliation of generations than a cultural change.

2.4. Transforming the business model of the bank

As the retail banking network is an important part of its cost structure, and while the number of agencies continues to decline, most major players in the market have already launched optimization of their branch network, spending cuts, development synergies and achieving economies of scale.

Proximity is a competitive advantage that can be decisive, especially when opening a bank account. This is less about the drastic reduction in the number of branches of banks, but of refining the geomarketing tools' settings by highlighting the geography of the deposits in the implementation strategies.

Another development of banks is to revitalize the business and make the bank and its products and services more "easy to use". The Digital Integrator and the development of new technologies is a way to achieve these goals, and allows banks to develop simple applications (allowing customers to manage their accounts remotely, for example), or to develop and increase interaction with the client through via multi-channels.

Digital technology and new technologies are an opportunity for banks, allowing them to move from a product strategy to a service strategy.

3. Conclusions

Therefore, in order to better respond to customer needs and to keep up with the pace of their behavior, banks need first of all a review and adjustment of internal processes of communication, collaboration and reporting, through streamlining solutions made available by digital technology.

As regards the use of cloud services (online services) as part of digital technology, most of the customer's concerns focus on security and internal data protection. Any regulated entity will carefully evaluate the protection and security measures of the provider prior to the conclusion of the contract and to ensure that during the provision of the service it has the necessary leverage to monitor and continually evaluate the service and the provider. In other words, there is a concern about the degree of security and protection of information provided by NICT implemented in banking organizations.

In conclusion, the importance of digital technology is highlighted by the fact that it provides the possibility of anticipating the evolution of medium and long term behavior, as well as the risk associated with each client at the time of contracting. Thus, it is possible to act in a timely manner, both to counteract the risks and to capitalize on possible opportunities related to the portfolio of clients managed by the banking organization.

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