

**Digitization of the banking system: improvements and benefits**

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**Annotation:** Digitization of the banking system has radically changed the activities of financial institutions and the methods of servicing their customers. With the development of technology, banks have managed to automate many of their processes, improve customer experience and improve efficiency. In this article, we will consider the improvement and benefits of digitization in the banking industry.

**Keywords:** digitization systems, Bank digitization services, mobile applications, credit cards, transparent prices, liquidity reserves, risk analysis, risk tolerance, monitoring and control.

**Improved customer experience**

Improved customer experience in the digitization of the banking system refers to the experiences of customers using the digitization services offered by banks. Digitization is a type of automation of financial transactions between banks and customers. These systems allow customers to perform financial transactions quickly and reliably.

Digitization systems offer various services to customers, such as account management, money transfers, working with loans and credit cards, checking accounts, etc. These systems are also useful for banks, helping them to perform financial transactions efficiently. An improved customer experience is important for banks because these customers are satisfied with the bank's digitization services, and their level of service usage can increase the bank's costs and profits. Improved customer experience allows banks to create customer convenience, improve service quality, and strengthen customer relationships with the bank.

Banks use various methods to promote improved customer experience. First and foremost, banks offer a highly personal service to customers. These personal services are determined on the basis of the client's requirements and needs, and are designed to facilitate their digitization process. For example, a bank may allow customers to manage their accounts through mobile applications or offer loan forms tailored to the customer's requirements.

Secondly, banks strive to provide quick and efficient service to customers. Speed and reliability of digitization systems are important to customers. Banks develop automated systems to achieve this goal and strive to perform financial transactions quickly and accurately. This saves time and energy for customers and allows them to complete financial transactions quickly.

Thirdly, banks strive to improve the quality of customer service. Reliability and security of digitization systems are important to customers. Banks update their systems and monitor security developments. This will help provide customers with a reliable digital experience and strengthen their bond with the bank.

Improved customer experience is important for banks because these customers are satisfied with the bank's digitization services and their service utilization rate can increase the bank's profits. Banks, on the other hand, use personal service offering, fast and efficient service delivery, service quality improvement and security measures to promote an improved customer experience.

**Increase efficiency**

There are several important steps banks can take to improve the quality of banking services for customers. These include:

1. **Improve customer service:** Banks should prioritize excellent customer service by training their staff to be friendly, helpful and responsive to customer needs. This includes offering multiple channels for customers to contact the bank, such as online chat, telephone and in-person meetings.

2. **Investment in Technology:** Banks should invest in technology to improve the efficiency and convenience of their services. This can include online banking platforms, mobile banking apps and ATMs that allow customers to access their accounts and conduct transactions 24/7.

3. **Offering a wide range of services:** Banks should offer a wide range of services to meet the diverse needs of their customers. This can include loans, savings accounts, credit cards and other financial products and services.

4. **Provide transparent pricing:** Banks should provide transparent pricing for their services so that customers know exactly what they are paying for. This includes clearly listing all fees and charges on the bank's website and in branch.

5. **Develop a culture of innovation:** Banks should develop a culture of innovation by encouraging their employees to think creatively and come up with new ideas to improve services. This includes holding regular brainstorming sessions and giving employees the resources to develop and test new ideas.

### **Risk management**

The main risks for banks can be:

#### **1. Credit risk:**

Banks may face the risk that the borrower will lose the ability to repay the loan during the financing process. Credit risk is associated with the borrower's inability to repay the loan or delay in repayment. Banks check borrowers' solvency (ability to finance) and require collateral to manage this risk.

#### **2. Liquidity risk:**

Banks must have sufficient funds to meet the demands of their customers. If the bank's liquidity level is low, then the demands of its customers will not be paid and the bank's operational activities may suffer. In order to manage this risk, banks need to effectively manage liquidity and maintain liquidity reserves.

#### **3. Risk of development:**

The development risk for banks arises from changes in the financial system. These changes can be caused by factors such as the loss of financial markets, changes in exchange rates, changes in the political and economic situation. Banks need to adjust their financing policies and strategies to manage this risk.

The following methods can be implemented to manage risks in the digitization of the banking system:

#### **1. Risk analysis:**

Banks carry out the process of identifying and analyzing risks. In this process, banks evaluate the solvency, liquidity level and development potential of their clients. In doing so, banks use statistical data, analytical models and survey analysis to analyze risks.

#### **2. Risk management strategies:**

Banks set strategies and policies for risk management. These strategies help determine the bank's risk tolerance, funding policy and liquidity level. Banks can use methods such as purchase of insurance policies, land claims and loan portfolio diversification to manage risks.

#### **3. Monitoring and control:**

Banks implement risk monitoring and management process. In this process, banks monitor risks, collect information about changes in risks and take necessary actions to keep risks to a minimum. In the process of monitoring and control, banks use statistical data, reports and monitoring systems.

Risk management is important in the digitization of the banking system, as it helps to maintain the bank's financial results and operational activities in an efficient manner. Banks must implement analysis, strategy and monitoring processes to manage risks.

#### **Cost savings**

Saving costs in the digitization of the banking system, that is, automating and optimizing the bank's financial operations, is one of the important topics in the banking sector today. Digitization enables banks to manage costs more efficiently and requires the use of technological tools to produce this process.

The main goal of digitization is to automate financial operations of banks, reduce costs and simplify management processes. This allows banks to optimize and streamline financing processes. Digitization makes it easier for banks to manage costs more efficiently and even reduces errors and omissions.

Digitizing the banking system has several significant cost savings benefits. First, this process automates financing operations for banks, adding metrics to people's work activities. Digitization enables cost-effective management and helps banks optimize their financing processes. This will simplify the work of banks and reduce errors and omissions.

Second, cost savings in the digitization of the banking system will allow you to reduce costs by automating the processes of financial transactions. This makes financing processes more efficient for banks, making financing easier and reducing errors and omissions. Digitization allows banks to automate their financial operations and manage costs efficiently, and requires the use of technological tools to produce this process.

Thirdly, digitization of the banking system will save costs, optimize financing processes for banks and increase efficiency. Digitization makes it easier for banks to manage costs more efficiently and even reduces errors and omissions. This will simplify the work of banks and reduce errors and omissions.

Saving costs in the digitalization of the banking system is an important topic in the banking sector, it allows to reduce costs by automating the processes of financial transactions. Digitization helps banks optimize their financing processes, increase efficiency and reduce errors and omissions. This process requires the use of technological tools for production.

#### **Summary:**

In conclusion, digitization has brought significant improvements and benefits in the banking sector. From improving customer experience to improving efficiency and cost savings, digitization has transformed the way banks operate and serve customers. Using advanced technologies such as artificial intelligence, blockchain and cloud computing, banks can continue to innovate and stay ahead of the competition.

## THE MULTIDISCIPLINARY JOURNAL OF SCIENCE AND TECHNOLOGY

### VOLUME-3, ISSUE-4

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