

THE MINISTRY OF EDUCATION OF THE REPUBLIC OF AZERBAIJAN

AZERBAIJAN STATE UNIVERSITY OF ECONOMICS

SABAH CENTER



SABAH



Aydin Ismayilov

1611209001111001

The perspectives of business and marketing in modern commercial banks

Supervisor: Ph.D Elnur Sadigov

Baku 2019

CONTENTS

<u>ABSTRACT</u>	3
<u>ACKNOWLEDGMENT</u>	4
<u>INTRODUCTION</u>	5
<u>Chapter 1. Essential of the banking services market</u>	6
<u>1.1 The fundamentals of commercial bank business</u>	6
<u>1.2 The importance of innovation in bank services market</u>	12
<u>1.3 The importance of application of modern marketing tools and business strategies in bank services market</u>	10
<u>Chapter 2. Basic trends in business strategies of commercial banks in retail market</u>	42
<u>2.1 Current state of products used by commercial banks in the retail market</u> ...	42
<u>2.2 The development strategy of commercial banks in retail market</u>	45
<u>Chapter 3. The perspectives of the marketing activity of the commercial banks in the bank services market</u>	55
<u>3.1 The perspectives of the organization of the marketing activity of the commercial banks</u>	55
<u>3.2 The development of the online payment and utilities in bank services market in the modern world</u>	56
<u>Conclusion and suggestions</u>	60
<u>REFERENCES</u>	63

Abstract

In the heart of all business units all around the world stands good and deep implementation of modern marketing and fundamental , strong business analyzing. For understanding how banks gain strong financial fundament and earning frequently a lot of modern researchers contributed to this science.

In banking sector marketing has not so big influence because there is no existing product, it is all about services and finance. But still there is a lot of tools and ways to improve and implement new techniques through different channels.

Banking sector contains a lot of knowledge about it's business side. Business analytics today mixed with modern IT technologies and gained new name of Business Data analytics where strong data connections creates a system. In this system a little bit change can cause big financial loses or improvement.

It is important to understand the business today globalising and the marketing is digitalising. All of this stands between IT where globalisation and innovation changes the types of actions banks made before. Even it forces them to be innovative and creative.

Keywords: Banking services, Bank market, Bank customers, Innovation, Bank market, Future perspectives, Promotion, Technologies

Acknowledgement

First of all, I would like to thank to Head of SABAH Center for giving us chance for studying in SABAH. I also thank for providing such amazing education to The Dean of SABAH Groups Ph.D. Aida Guliyeva. I would like to express my feelings about the support and advice of our thesis advisor Ph.D. Elnur Sadigov for being so helpful and patient.

At last, I'm thankful all researcher and authors which I have used their data while exploration.

Introduction

A bank is a financial institution which accepts deposits, pays interest on pre-defined rates, clears checks, makes loans, and often acts as an intermediary in financial transactions. It also provides other financial services to its customers. In this research we analyzed that for gaining awareness and increasing the number of potential customers banks need to be innovative according to their business strategies. Also for increasing the potential customer base banks should apply new and modern ways of marketing applications and tools.

In the first chapter we studied the essentials of banking business and marketing and prognosed that innovative ways should be spread due to globalisation. Today world becomes one big country where people travel and react faster than before. In order to be ready for such kind of reaction banks should be standard in the every aspect of their web system.

In the second chapter we studied how today's banks are applying their business strategies and how they create innovative approaches. Mainly focusing to business, the second chapter contains different cases and citations from various interesting banks across world.

In the third and last chapter we studied marketing tools and applications of banks and how they increase their potential through digital and virtual world. In this chapter we analyzed the impact of modern technologies to our accounts and payment methods.

This work is a theoretical study. Sources were scanned from books that were sold in the adjacent market on the topic of the thesis. Personal data, observations and experience were also used in articles, educational journals, postgraduate and doctoral dissertations published, relevant sites on the Internet and in interpreting the information collected.

Chapter 1. Essential of the banking services market

1.1 The fundamentals of commercial bank business.

All over the world, retail banking is one of the most profitable areas of banking. In Russia, until recently, banks paid less attention to the development of retail business. Work with corporate clientele ensured a sufficient level of profitability, as the demand of enterprises for bank services steadily increased. Even the plastic cards that form the basis of modern retail business, which banks actively emitted as part of salary projects, in essence, were also just one of the elements of corporate banking. However, the decline in the profitability of traditional areas of activity, the increase in competition, and the need to diversify your business to increase its stability prompted banks to develop a range of services for private clients — to banking retail. The economic growth that has begun, the growth of employment and incomes of the population have created the necessary prerequisites for the growth in demand, and that banking services by private individuals and the formation of a stable demand for them. An integrated approach to servicing individuals, active promotion of services, the involvement of banking services in orbit, and the livelihoods of large sections of the population have increased the profitability of retail business and its attractiveness for Russian banks.

The retail banking business in Azerbaijan has tremendous growth and development potential. For commercial banks, private clients are the suppliers of monetary resources, and as the income of the population grows, the value of this source of liabilities increases. But these same individuals are potentially active consumers of resources, since they receive various types of loans from banks. And finally, the flow of private clients ensures that banks receive commission income from services that are not directly related to accepting deposits and placing them in the form of loans: currency exchange, money transfers, plastic

card transactions, payment through bank services of various companies, and so on.

For a long time, the main source of income from private clients was the difference between the cost of raising funds from private customers and the price they placed on the market. All other operations (money transfers, utility payments, payment checks) were in most cases considered as accompanying; The question of the active development and promotion of appropriate banking services was not raised. And only the formation of complex banking services, in which a significant place is given to commission-intermediary and service services focused on different groups of consumers, provided banks with permanent income from retail services and created incentives to expand this business line. In turn, the mass service has become a prerequisite for separating the retail business from the complex of traditional banking services by organizing it as a separate area of banking activity.

The retail banking business is an independent direction of banking activity related to the provision of standardized services to the mass consumer. Unlike corporate markets, where high demands for banking products and sufficient income from each client allow you to establish personal relationships, implement the concept of “client manager”, in the retail market it is almost impossible to provide personal relationships with each client. Therefore, in this market, it is important to ensure the standardization of products, the simplification of technologies for promotion and, on this basis, the reduction of bank costs.

Note that in foreign countries, retail banking includes services to individuals (with the exception of wealthy clients), private entrepreneurs and small businesses whose needs for banking products are stable and predictable, which allows them to create a package of standard services for them and promote them through retail banking networks.

For wealthy clients, banks in these countries organize individual services - the so-called private banking. Initially, private banking included a range of services for the trust management of the private capital of the client and his family. Modern private banking can be described as a system of relations between the investor and the bank (or another organization — a management company, consultant), the distinctive feature of which is individual customer service and providing it with high-quality financial and other services on the basis of complete confidentiality. It is still based on asset management, but at the same time it involves the provision of other complex services, such as asset planning, advice on trading in foreign markets and working with foreign currencies, organizing pensions and lending. The market of individual banking services in developed countries is quite wide, the forms of activity on it are diverse and are constantly being improved. Due to its peculiarities, private banking is not included in the retail banking business, but represents a separate specific area of banking activity. In most Russian banks, retail services include only services to private clients - individuals, and the management of large private capitals is organizationally separate from the retail business and is carried out using the same technologies as the provision of services to a wide retail clientele. The feature of serving wealthy clients is to provide a package of better services and increase the amount of consultations. High quality of banking products for wealthy clients, a different level of service implies higher prices for them, but this group of clients is less sensitive to the price than a wide mass clientele. For them, quality and product differentiation are important, allowing them to be distinguished from the mass products of other banks. The services provided to small enterprises by Russian banks have not yet been standardized, most banks individually approach each individual enterprise, adapting the parameters of services to its needs. Therefore, services to small businesses in Russia are usually not considered as retail banking services. Retail business gives new impetus to the development of the banking system. Azerbaijan banks are making

powerful efforts to expand the retail business, which is now the main growth factor in the banking sector. Deposits of individuals remain the most steadily growing source of the resource base of banks; in 2007, it provided about a 22% increase in banking liabilities. Deposits of individuals remain the most steadily growing source of the resource base of banks; in 2007, it provided about a 22% increase in liabilities of the banking sector. The volume of loans extended by banks to individuals in 2006 grew by 75.1%, in 2007 by 57.0%, their share in the total volume of loans issued by banks remains 22.7%. In 2007, mortgage debt increased 2.6 times.

The state actively supports the development of retail banking, creating the necessary legal framework and infrastructure for transactions with individuals. A significant positive impact on the retail business in Russia was provided by the formation of a full-fledged and effective system of insuring deposits of individuals in banks, if financial problems arise for banks, retail depositors can be sure that they will get access to their funds in the shortest possible time and with minimal losses. Retail banking business:

- 1) the creation of an independent bank, the main only activity of which is the retail business;
- 2) organizational allocation of retail business in the structure of a universal bank as a separate independent direction of banking activities;
- 3) full organizational separation of the retail business and the creation of a subsidiary retail bank within a banking group (holding).

Regardless of the organizational design, the retail banking business should include the following elements:

- sustainable and diversified product range, which can be mobile changed in accordance with the needs of different groups of customers;

- wide retail networks, providing the opportunity to provide any of the services offered by the bank in close proximity to the consumer;
- cooperation ties with other organizations providing financial services to private individuals - with insurance and investment companies, investment funds, etc. and interaction with elements of banking infrastructure - credit bureaus, collection agencies, realtors, appraisers, etc.
- a market strategy based on studying customer needs for financial services, market dynamics and prospects for their development;
- effective technologies of banking business and management, allowing to evaluate the profitability of individual banking products, customer groups and market segments and make operational decisions in response to changing market conditions. The product line of modern retail business is based on a deep study of customer needs for financial services including complex products that best meet these needs . A package of services for private clients is considered by banks as a source of liabilities, a source of commission income from a wide range of services and a source of interest income from lending. As part of the retail business, all private customers are divided into two large groups:

1) wealthy clients (VIP people);

2) wide market clientele.

For wealthy clients, high-quality services are developed, combined with financial advice and service. For a wide clientele, a diversified product line is formed, including standardized services, the parameters of which change in response to changes in market conditions and customer needs. The main types of services for individuals currently offered by Russian banks are:

- services on plastic cards, including the storage of temporary free cash balances and short-term loans for their lack;
- acceptance of funds in deposits (in rubles and foreign currency);
- consumer lending for various types of collateral and without collateral;
- mortgage loans for the purchase of housing in the primary and secondary market;
- currency exchange operations;
- money transfers in rubles and foreign currency with and without opening an account, including transfers by Western Union;
- leasing of individual bank safes with various safe use modes;
- payment of goods and services, including acceptance of utility bills;
- issuance of personal and travel checks.

Retail banking networks are organized in such a way as to ensure the availability of any of the existing services in each branch of the bank (or even at a distance). Banking offices should be located in close proximity to the consumer, which predetermines the need for a significant increase in their number and the formation of banking networks aimed at providing comprehensive services to individuals. The appearance of banking retail networks of a new type at one time meant a coup in the banking market, now their development and the creation of new sales channels determine the prospects for banking retail. A promising direction for expanding the network of banking services is cooperation of commercial banks with Russian Post. Experience shows that such cooperation allows us in a short time to form a sufficient sales network, evenly and quickly enter new regional markets, and also minimize the cost of maintaining a large-scale sales network.

Cooperation with other organizations that provide similar or complementary financial services is a prerequisite for the implementation of the “financial supermarket” concept that has become widespread in Western countries.

“Financial Supermarket” is attractive for customers because it provides an opportunity to get all the necessary services in one branch of the bank; for the banks themselves, it ensures maximum use of retail networks and obtaining a synergistic effect from the sale of various financial services. Large Russian banks entering the retail market are real holdings, which include subsidiary insurance companies, mutual fund management companies, investment companies, etc. Small and medium-sized banks, as a rule, enter into cooperation agreements with financial companies that successfully operate on the retail market, where they offer their services. The development of the retail banking business has had a stimulating effect on the formation of the banking market infrastructure, which It includes a variety of organizations that provide information, consulting, and service services to banks — credit bureaus, collection agencies, credit and mortgage brokers.

1.2 The importance of innovation in bank services market

In many countries bank services changed their attitude towards online sector. The main reason of it is that the cost of this version of service is very low and easy to use. Besides that using online applications and other online sources gives other positive impacts to banks as they can track user personalities and collect data form various perspectives of view. We can give example of Azerbaijan banks which now use mobile applications like Kapital Bank, Rabita Bank. (infocity.az, 2015)

Telecommunication and information technology advancements change the behaviour of bank services and customers. Innovation through banking sector have 5 characteristics. (Yocco, 2015) The first one is Relative Advantage. In banking sector many customers wants to know how the new way of technology, innovation can make difference with the measure of previous version of it. Banking sector first attempted to dominate internet through computers now they try to do it through smartphones. Relative Advantage even decides how potential

customers will react. Mostly potential customers seek difference and exact that creates benefit for them. In other sectors it can be utility, design, productivity and etc. In banking sector nowadays people seek easy interface and easy to use applications. Everyone wants the transaction they apply to be easy to do and time effective. The service have to be very short to finish. Interface have to be easy for all category of society. Many firms apply this behavioural points for their promotion which we will discuss in this research too.

The second characteristics is compatability. Compatability refers to the innovation that have power of competition through other the same kind of innovations. We can give examples about bank cards that have easy acces to terminals. Before that people used toinsert cards and write down pin codes for accessing it and even sometimes it caused trouble for them because of the low connection signals or etc. But today cards no longer wants any inserting and identification process. Owners just wirelessly use their bank cards to finish the transaction with high speed. This is the compatible innovation which changed the lifestyle of many people.

The third characteristics is complexity or simplicity. Making your innovation hard to understand and learn or easy is in your hand. Nowadays behaviour of people forces companies to create simple and easy constructions, products, applications for feeling them easy and not lose too much time. In banking sector it is also the same. Banks creates innovative approaches to every problem for creating various pathways for customer to reach banks due to solve their problem and not to come to branch and take an order then wait for your turn. All this can reduce cost of bank branches and can create less branched bank but high traffic internet services for them. We have to remember that one of the main purpose of innovation is to reduce the cost of previous version of it.

The fourth characteristics is trialability. Trialability measures how easily customers or others can discover your innovation. (Marous, 2019)This is all about creating different, unique offering for your potential and already users.

The first time application of mobile banking created a wow wave through sector in Azerbaijan. In banking sector Banks have limited uses of this ability so they add new and new applications to their already using applications. For example before this time mobile banking applications could process only 30 % of bank services through smartphone. But today this is much bigger and even some banks in Russia closed all branches in order to serve online totally. (CIA, 2019) This uniqueness makes trialability crucial nowadays as people ready to see new utility every day.

The final and fifth characteristics is observability. Observability measures that the result of the application of innovation whether visible or not. Can this result create some different feeling in me besides the previous one? So if yes then you made a positive impact on your customer with making your new technology helpful. But if not then your efforts are for nothing as it created no impression on customer. Once the mobile banking and wireless cards and also internet applications of banking services made it and created deep impression. But not too much in Azerbaijan. The reason was that the people were not ready for such kind of jump over a lot of features. We can approach to this problem through many ways. Firstly the internet users of Azerbaijan is 7.72 million according to reports. (3 link) The people who have bank cards inside Azerbaijan population is only 9% and only 4% of it pays online (4 link). For internet using country such kind of statistics of online payers are very low. Using applications and new features gives less feedback than expected because of less information. For that case banks create special promotions for application users and promote their applications and its usage through advertising campaigns. (www.aif.ru/, n.d.) After deeply analyzing all these characteristics in banking sector we can say that relative advantage results with increasing efficiency through cost units and reputation among customers. Following that all of the innovative way of thinking makes our banking progressive and increases revenue but complexity is the only negative factor among it. Making service complex and hard to

understand is not the today's tendency among digital world users.

Today world banks are frequently using the blockchain technology in order to create continuously developing and easy to access information that is recorded every day. Blockchain is a distribution of information that cannot be changed and represents the evolution of one single information through stages. Each block consists of information or data and each has unique hash – the code like human fingerprint. If the information inside changes the code also changes. But in the line of blocks each block consists of the knowledge of previous hash of block. In this part if you try to add new information inside the the next block is not going to locate the new hash.

This system looks like simple old version of check notebooks that we used to ensure our costs. For example, before this time people used to note every item that they bought from small local market and at the same time seller also created a note about its sale. People ensured to not to face fraud by seller or the vice versa. Today blockchain technology is doing the same thing but in virtual world. If you want to change any little thing through system everyone has to accept it. But this is impossible to do because there are unlimited number of users.

Modern banking system owning blockchain technology as the new innovative approach to financial world. The tax system and a lot of financial markets are now working with blockchain technology.

Blockchain technology first created in 1991 by a group of researchers. But first widely used to create Bitcoin cryptocurrency.

Bitcoin, a digital currency created and existing exclusively in electronic form, is increasingly attracting companies and banks as a possible currency of the future that will replace traditional money. Bitcoin is already used for online trading.

Despite the growing popularity of cryptocurrency in the commercial sphere, in the banking sector this technology is still at the initial stage of its development.

Let's look at how banks can benefit from this technology, and what difficulties may arise. This is one of the main highlights of Bitcoin. The problem with

credit cards used today is that they were invented before the advent of the Internet and therefore their security is not designed for online use. The user has to constantly enter their card details and pin-code into the web form. In the case of Bitcoin, no secret information is required. Only two keys are used - open and personal. The user's address is visible to everyone, and the personal key is kept secret. To complete a transaction, you must solve a mathematical equation that combines the public and private keys, thus confirming that the operation is performed by an authorized user. After the banking crisis of 2007–2008, the governments of some countries began to actively print money in order to pay off government debt and strengthen the economy through monetary easing. The main problem of this approach is to reduce the value of the national currency. This leads to inflation and higher prices for goods and services. Bitcoin is conceived in such a way that the number of its coins cannot exceed 21 million pieces, which has its advantages and disadvantages. Such a restriction on the issue of coins means that inflation does not threaten them, but deflation is quite likely.

Today a lot of firms including banking sector accepts that people in today's globalizing world are using cryptocurrencies widely. Both in financial market and merchandise transactions can be done with cryptocurrencies. That creates variety of positive impacts for customers of banks.

- Low commissions

Most banking operations involve the payment of commissions by both the banks themselves and their clients, since, for example, in international payments correspondent banks are used. In general, a bank in any country undertakes to accept and transfer funds, acting on behalf of buyers and sellers. These operations entail commissions, which are usually paid by the buyer. The peer-to-peer technology used in the Bitcoin network allows you to transfer funds faster and cheaper. The fact is that a decentralized registry does not need

intermediaries to make a payment, so the banks of the buyer and seller can work directly. This allows not only to do without correspondent banks, but also to make payments in real time.

- Smart contracts

Recently, forty major banks in the world conducted cloud testing of the blockchain technology underlying Bitcoin. The goal of testing was to understand how this technology works and how it can be used for smart contracts. A smart contract is a computer protocol that serves to enter into, verify and execute a contract. The scope of their application is very wide. Smart contracts (other names: self-executing contracts, blockchain contracts, digital contracts) are simply computer programs acting as agreements, the terms of which can be programmed to become effective and enforceable. The main goal of a smart contract is to allow two anonymous parties to trade and conduct business with each other (usually via the Internet) without an intermediary. The history of smart contracts is much longer than that of Bitcoin. It originates in the 1990s. The term "smart contract" was first introduced in 1993 by Nick Shabo, one of the alleged authors of Bitcoin, and referred to self-automated computer programs capable of ensuring the fulfillment of the terms of any contract. Traditional physical contracts, which today are drafted by lawyers, are multi-page printed documents written in legal language. Their compliance and implementation largely depend on third parties, and therefore require considerable effort and do not guarantee a result. In case of derogation from the terms of the contract, the parties have to resort to the help of the state judicial system to remedy the situation, which entails a large investment of time and money. Smart contracts, which are created by computer programmers with the help of special tools, exist exclusively in digital form and are written in such programming languages as C ++, Go, Python, or Java. In them, as well as in paper contracts, rules, sequence, duties, remuneration and penalties for each of

the parties under various circumstances are coded. After that, such code can be automatically activated by the distributed registry system. To understand how smart contracts work, you need to learn how to distinguish between a smart contract code and how this code is applied and why. In general, there are two components of a smart contract:

1. A smart contract code is a code that is stored, verified, and executed in a block chain.
2. Smart legal contracts are the use of a smart contract code as a supplement or replacement for a traditional legal document.

Consider the main stages of the smart contract in a distributed registry:

Coding (What is included in the smart contract)

Since the work of smart contracts is similar to the work of computer programs, it is very important that they exactly fulfill what the parties to the contract want to see. This is achieved by introducing appropriate logic at the stage of writing a smart contract. The program code works in a predetermined manner and is not subject to the linguistic nuances of the human language. This allows you to automate what in traditional treaties sounds like "if ... then ..."

Distributed Registries (How a smart contract is sent)

After that, the code is encrypted and sent to other computers through a distributed network of registries (so-called distributed registries). If this is done through such an open and uncontrolled block chain as Bitcoin, then the contract is sent in the same way as updating transactions in the network. This can also occur through a platform of a controlled or hybrid distributed registry, for example, R3.

Implementation (How it is handled)

When computers of a network of distributed registries receive such a code, they agree among themselves on the results of the execution of this code. After that, the network updates the distributed registries to register the conclusion of a smart contract, and then continuously monitor compliance with its conditions. In a system of this kind, any manipulation is visible to everyone, so the implementation of a smart contract cannot depend on one of the parties.

Thus, Barclays Corporate Bank uses smart contracts to register the transfer of ownership and automatically transfer payments to other financial institutions.

- Stability and decentralization

Given the decentralized nature of Bitcoin, any single failure cannot lead to disruption of the system. Extensive network provides greater stability and security. Decentralization also means reducing the influence of governments. In March 2013, the Central Bank of Cyprus decided to take uninsured deposits larger than \$ 100,000 and use them to recapitalize the country's economy. It is clear that this caused considerable concern among the local population. In the Bitcoin system, this is impossible, since there is no central authority controlling this network. The inability of banks to control cryptocurrency will help reduce fears associated with the stability of the banking system, especially in turbulent times. (prostocoin.com, 2019)

(Stability of the Banking System) is a comprehensive description of the state of the banking system, in which its essence and purpose is realized in the country's economic system, its functions are adequately and effectively performed, and it is also possible to maintain balance and restore the state after external shocks or increasing imbalances - any deviations from safe parameters caused by crisis phenomena (economic recession, financial crisis, economic transformation, etc.). The stability of the banking system is characterized by the reliability,

balance and proportionality of the functioning of its structural elements, the ability to maintain stable equilibrium and reliability for a long time.

In the literature, along with the term "stability" (stability), as a synonym, use the term "stability" (soundness). The term "stability" is mainly proposed to be used at the macro level, and the term "sustainability" - at the micro level for the analysis of individual elements of the financial system or financial institutions. (<https://utmagazine.ru>, 2017)

ECB specialists consider financial stability in a broad sense as a situation where individual components or the financial system as a whole are able to counteract shocks without further development of cumulative processes that violate the transformation of savings into investments and ensure payment transactions in the economy, and in a narrower sense, as the stability of individual elements of the financial system, in particular the banking sector. The stability of the banking system is considered as a situation where bank failures of banks do not occur in the national banking system; or as a situation where the national banking system is sustainable and profitable and fully complies with national legislation, as well as the principles of risk management established by the Basel Committee on Banking Supervision.

By definition G. G. Shinaz, the banking system can be considered stable if it:

1. Facilitates the efficient allocation of financial resources in space and time;
2. Allows you to assess, quotes, distribute and manage financial risks;
3. Retains the ability to perform these essential functions even with external shocks or increasing imbalances.

Since the financial system is perceived as a dynamic system, its stability is considered primarily from the point of view of compliance with a specific state, which it must achieve after certain changes, transformations or upheavals. The stability of the banking system is a factor in ensuring the stability of the

financial and economic systems and the economic security of the state. Today, promoting or ensuring the stability of the banking system is one of the main functions of central banks.

Decentralization is the process of sharing power, finances, or effort without the intervention of a global governing body. Decentralized management systems are not new; they are present in many companies. However, in the management of finance, such a system became possible only after the creation of the blockchain chain. In order to understand what decentralization in the blockchain means, refer to the system operation algorithm. In the blockchain technology, management is decentralized due to the fact that there is no local server in the system, and all the miners and participants in the chain of transactions are equal. Developers do not follow the operations in the blockchain, and transactions are confirmed by network users. The technology involves the distribution of computing power and data across the globe, while the information is repeatedly duplicated to prevent loss, and DDOS-attacks on such a system have zero or minimal effect.

The decentralized system provides a high level of security for transactions and storage of funds. Since information about the entire transaction history is kept by each user, it is impossible to deceive or destroy such a system. Each transaction is confirmed by several independent nodes (nodes), which makes it impossible to substitute data or bribe the verifiers.

In contrast to local systems that are used in banking structures, the exchange of funds through a decentralized system takes much less time and will allow you to make a huge number of transactions in a matter of seconds. Perhaps this is due to the fact that, unlike banking structures, where the speed of transactions directly depends on the workload and capacity of the local server, in the blockchain computing power is distributed across the globe, and a huge number of chain participants provide high power and, accordingly, speed. An important

advantage of the decentralized system of electronic currencies is the lack of external regulation. For example, if the actions of a server are considered illegal by law enforcement agencies, they have the power to confiscate the equipment and the development of the owner. And with decentralized cryptocurrencies, neither the technology nor the power can be withdrawn, since they belong to a huge number of people, and the technology is in the public domain and if it remains from at least one participant in the chain, it can be easily installed by everyone. The independence of cryptocurrency from the authorities and regulatory authorities also excludes political manipulations of the cost of cryptographs. Therefore, the course of cryptocurrency is an honest reflection of supply and demand for them.

The functioning of centralized systems directly depends on the authority that ensures their work and controls. So one person or a small group of people can make decisions that will inevitably affect all participants without prior agreement with them. If the network is decentralized, such a process is impossible, since each communication node is an equal participant in the network. At the same time, it is the centralized governing body that is able to provide competent resource management and takes responsibility for the decisions made. Centralized systems may be subject to fraud. While decentralization minimizes all the risks associated with it, because it eliminates bribing the management. An example of the difference between centralized and decentralized management can be seen on cryptocurrency exchanges.

Decentralized cryptocurrency exchanges, developed on the blockchain technology, focus the user's funds in its management, while centralized exchanges provide the ability to only exchange, buy and sell cryptographs on their servers, while private keys of the purses are often encrypted on the exchange server. In contrast to the centralized distribution of fiat money, when a user has only paper money, and the main assets are kept by the state,

decentralized electronic currencies are entirely assigned to their owner, and only he can carry out transactions and get access to his vault on the basis of secret key. In the case of centralized fiat currencies that are stored, for example, in a bank account, the funds are also managed by a financial institution, which reserves the right to block and withdraw funds.

Despite all positive impacts on people's choices cryptocurrencies also have negative sides.

- Block size

The problem of block size causes a lot of controversy in the Bitcoin community. Initially, the size was limited to 1 MB; larger blocks are considered invalid. A block is a package of transactions that have been confirmed and entered into the public registry. Limiting the size of the blocks stimulates the growth of commissions to encourage miners. At the same time, increasing the size makes it possible to use extensions such as Mastercoin and Counterparty. Bitcoin does not charge a commission now. Their introduction would be positively perceived by miners, but negatively - by new users. This can slow down the popularity of technology and reduce the influx of people willing to invest in cryptocurrency. This question is shared by the Bitcoin community, which is not good for a technology that claims to become the foundation of the financial sector. This problem must be solved before large organizations support the new technology.

- Low recognition

For several reasons, the average person may not be ready to use cryptocurrencies. Despite the fact that such a novelty offers a number of advantages and attracts a departure from traditional financial institutions, the centuries-old habit of people to use tangible money is difficult to overcome. The problem is that until Bitcoin is widely accepted among banks and consumers, it will not be able to replace existing systems.

- Cryptocurrency regulation

More recently, the actions of the overwhelming majority of governments in relation to Bitcoin and other cryptocurrencies could be described as unfriendly. For example, in India, the Bitcoin exchange came under attack three days after the Reserve Bank of India publicly expressed concerns about trading in digital currencies. The exchange was checked for possible violations of the Law on Currency Regulation. Similar raids were also made in China, and Russia, according to some sources, was generally going to ban any cryptocurrency. These examples demonstrate the reluctance of traditional financial systems to allow competition from new technology, and regulation is a good way to get rid of an opponent. Currently, large-scale regulation in this area is absent, it is more of a situational nature.

All of this innovative new approaches to financial markets and banking sector made a lot of problems and questions that needed to be solved and answered. Despite that banks are interested to apply it with full security conditions in order to increase their market potential and in today's world innovations are the first thing for taking advantage on everything in business.

1.3 The importance of application of modern marketing tools and business strategies in bank services market

Banking marketing is a holistic concept of bank management, based on its active interaction with customers and aimed at maximally satisfying their needs and creating a special climate of trust around the bank. Moreover, modern banking marketing involves not just stimulating the sale of banking products, but also the use of promising service technologies, the construction of special, mutually beneficial bank relations with customers. A key category of banking marketing is banking service. It has a number of specific features that distinguish it from material goods, as well as from services provided in other business areas. These

features of the banking service are usually attributed to abstraction, nonconservation, inseparability, quality variability, the contractual nature of service, the relationship with money.

The connection of banking services with money determines the special importance of forming trusting and friendly relations between the bank and the client, and requires the bank to constantly interact with the public in order to maintain a certain image. In addition to these basic properties, banking services also have other additional characteristics that determine their specificity. These features include: the length of service in time, the secondary nature of the needs satisfied by banking services, the lack of exclusive rights to distribute new services.

Banking service - is the main result of the bank. By providing services to customers, the bank operates in the market and forms its market position. The list of services of a modern commercial bank is extensive, and the services themselves are extremely diverse. At the same time, the services of most banks are similar, of the same type, which contributes to the strengthening of banking competition and forces banks to look for new, more efficient methods and forms of working with clients.

The specificity of banking marketing is largely due to the special properties of services provided by banks, as well as the special nature of the banking services market.

The market of banking services is a special economic space in which the demand and supply of banking services for customers face. The banking services market is an integral part of the financial market; therefore, the main trends and factors of its development have a significant impact on the development of banking activities.

As part of the banking market, you can highlight different segments on several grounds.

On the object of sale in the framework of the commodity structure of the market can be identified segments such as:

- Loan market;
- deposit services market;
- Payment services market;
- Investment services market;
- The market of trust services;
- consulting services market;
- market of cash services, etc.

The customer structure of the market is formed by consumer groups, in which the following can be distinguished:

- Wholesale market - a market for services for enterprises and organizations;
- Retail market - a market of services for individuals and individual entrepreneurs.

On the territory of the bank's activity, a spatial structure of the market is being formed, in which one can single out

- Local banking market, limited to the city, region;
- National banking market - within one country;
- International banking market.

Each of the selected segments can be divided into smaller parts, depending on the goals and objectives set by the bank.

Banking competition is a constant rivalry of banks for strengthening their market position.

The subjects of banking competition are very diverse, since many banking services are easily replaceable, and therefore not only banks but also other financial credit organizations, as well as the institutions of the non-financial sector of the economy participate in the competition in the financial market. Depending on the nature of the subjects involved, the following types of banking competition can be distinguished.

Intra-industry competition is a rivalry between banks within the banking system, as well as rivalry between banks and other financial and credit institutions that provide financial services. This kind of competition exists in the financial market and is characterized by sharpness and development of forms.

Interdisciplinary competition is the competition of banks with various non-financial institutions: mail, trading companies, enterprises and organizations that can provide services similar to financial ones (money transfers, fundraising, contributions, payment acceptance, etc.).

Market competition is the rivalry of banks with all market subjects for limited resources (not only monetary, but also labor, intellectual, material, organizational, technical, natural, etc.).

Thus, the scope of banking competition is not limited to the banking services market itself, but extends to the financial market, as well as to all other markets for resources, goods and services. Depending on the degree of concentration, competition can be "divided into individual and group. In individual competition, banks compete one on one. In group competition, associations

compete - banking groups, holdings, financial and industrial groups, credit syndicates, consortia, and other associations with banks Group competition is a more developed form of competition, it manifests itself as the possibilities of individual competition are exhausted. At the same time competition for group competition is not means the termination of the individual, especially if the members of the association retain at least part of their independence. In practice, commercial banks can use both price and non-price forms of struggle.

Price competition is carried out by manipulating prices, tariffs, interest rates. Price competition is the simplest form of rivalry, it appears since the formation of the two-tier banking system and is constantly evolving, gradually turning into non-price. Banks cannot constantly reduce interest rates on active operations and increase them on passive ones. Sooner or later this will lead to the fact that the bank will cease to make a profit. Also, the decline in prices for banking services does not always ensure an adequate increase in demand, since this may cause distrust of the bank and cause doubts in its reliability.

Non-price competition is aimed at creating sustainable consumer preferences and at strengthening the position of the bank in the market. Banks use a wide range of non-price competition methods and tools that are associated with improving service quality, introducing effective management methods, conducting advertising campaigns, developing new products and modifying existing ones, etc. Non-price competition appears when the market for banking services reaches a certain level of development, develops along with price competition, gradually replacing it, but does not replace it completely.

Competition in the modern banking market is the main incentive that contributes to the constant progress in banking, the transformation of bank relations with customers and the maximum approximation of its work to the requirements of the market.

The marketing mix is a set of certain practical measures by which the bank forms its market position and flexibly adapts to constant market changes. Its development and constant modification are essential to ensure the success of the bank in today's highly competitive market. The complex can be created for individual products and services, as well as for individual segments of the banking market.

By analogy with the way the marketing mix is formed in other sectors of activity, in the banking sector it includes:

- Grocery policy;
- pricing policy;
- Sales policy;
- Communication policy.

Product policy is basic as part of the marketing mix. A bank's product policy is a certain course of action of the bank in relation to the banking services offered on the market. It should ensure continuity of solutions and measures for the formation of the product range and its management, maintaining the competitiveness of services at the required level, finding optimal product segments for services, developing and implementing strategies for the combined sales of banking services. The development and implementation of product policies require the bank to comply with the following conditions:

- A clear idea of the purpose of the service for the future;
- Availability of strategies for production and marketing activities of the bank;
- Good knowledge of the market and the nature of its requirements;
- Competent assessment of own capabilities and resources now and for the future.

Great importance in the process of formation of product policy is given to the problems of developing a range of services. This implies the need to plan all types of activities aimed at selecting services for future production and sale on the market and to bring the characteristics of these services in line with customer requirements. Formation assortment is a continuous process that continues throughout the life service cycle, starting from the moment of its creation and ending with its withdrawal from the product line. The most important issues that the bank decides when planning the range are the following:

- Optimization of the range of services taking into account their consumer characteristics and characteristics of a particular bank;
- Determination of the rate of renewal of the whole range of services as a whole and for its individual types, taking into account the life cycle of services;
- The ratio of new and old services in the product line;
- The degree of renewal of each service;
- entering the market with fundamentally new types of services;
- Selection of time to market with new types of services and withdrawal from the range of those services that are losing their positions.

In the context of increasing competition in the banking market, the quality of services is of particular importance. Due to the specific properties of bank services, significant difficulties arise in determining the criteria for assessing the quality of banking services. Two methods are commonly used to solve this problem. In accordance with the first, there are two views on the quality of banking services: from the bank and from the client. In this case, the criteria in each case are used both general and special. From the point of view of the bank, such criteria, such as the speed of operations, the presence of errors and the cost of correcting them, labor productivity, the level of banking risks, etc., taking

into account the bank's costs of providing relevant services. According to customers, the quality of services can be determined by: the speed of service, the presence of errors, the friendliness of the staff, the convenience of location and the time of the bank, etc., taking into account the prices of services. At the same time, following this view on the quality of banking services, the client and the bank can "assess the quality of the same service differently. The second method assumes that customer needs are at the center of the quality assessment. Then quality can be viewed as properties and features of the bank's services that meet the client's expectations and do not cause him a negative attitude towards the bank or its employees, which implies that the bank's representatives should have a clear understanding of the clients' needs, their capabilities and attitude of customers to the bank services.

Pricing policy is developed in accordance with the strategic objectives of the bank and involves the choice for each product or group of banking products corresponding pricing method. Taking into account a wide variety of banking products and services, as part of the pricing policy, interest rates are set on deposits and loans, tariffs for maintaining bank accounts, operations with securities, currency, precious metals, rewards for collection, receipt of cash, issuance of guarantees and acceptances, provision of information and consulting services. The price is determined by taking into account the actual expenses of the bank for carrying out banking activities, as well as such factors as the direction of the monetary policy of the central bank's credit policy the market, the goals of the bank, etc. At the moment, the price is the key factor that is taken into account when acquiring banking products, i.e. the methods of price competition have not exhausted themselves Russian market and are quite effective. However, the constant the use of this factor may lead to the fact that the bank will be forced to take unreasonable risks, which may repel some loyal customers. The bank's sales policy involves addressing the choice of

distribution channels and the establishment of a timeframe for sales. Banks mainly use direct sales channels that do not involve intermediaries. The main channels of direct sales of banking services include:

- Central office of the bank;
- Traditional branches and additional offices;
- Remote workplaces (currency exchange offices, bank representatives in retail outlets);
- ATMs and electronic terminals for card payments;
- Automated bank branches;
- Remote banking systems.

The role of indirect sales channels in the banking sector is not as great as in other service industries, such as trade. But some channels are found in banking practice. They are usually used in the sale of specialized services, the receipt of which accompanies the acquisition of other goods and services. The indirect distribution channels of banking services include: mutual investment funds, insurance companies, construction companies, travel agents, medical centers, educational institutions, real estate agencies, etc. These companies cannot be called traditional intermediaries, since they only suggest using the services of one or another bank to purchase their products. The process of providing banking services takes place directly in the bank.

The timing of bank sales for most services is limited to customer service time. Modern banks, following the growing needs, are trying to expand this framework and provide services including weekends and holidays. The appearance of ATMs, automated branches and remote service systems allows us to provide individual services with little or no restrictions.

Communication policy includes a set of measures for the promotion of banking products on the market and the formation of the banking image. The main ways of implementing communication policy are:

- Personal sales;
- Advertising;
- Sales promotion;
- Public relations.

Personal sales are quite effective, but at the same time an expensive method of promoting banking services. They imply direct personal contact of the client - potential or existing - with bank employees. In the process of such contact, the client is informed about the services, their features, advantages and benefits from the acquisition. This allows you to cause interest in the client, make him loyal to this bank. The main advantage of bank advertising as one of the methods of non-personal communications is the ability to bring the necessary information to a huge number of potential customers. At the same time, there is always the likelihood that the appeal of the bank will not reach the one to whom it is really addressed. Banks are today one of the most active advertisers, and they are trying to give their advertising campaigns targeted targeting.

Advertisements of banks are placed in specialized publications, on Internet sites, in large retail chains and on street posters. The content and goals of an advertising campaign change as they change.

Phases of the product life cycle and as banking competition intensifies.

Depending on the nature of the advertised objects, it is accepted to distinguish such types of banking advertising as:

- Advertising of the bank itself;
- Advertising banking product;

- Image advertising.

The first type of advertising is aimed at drawing attention to a particular bank, reminding customers about it. Product advertising is intended to encourage customers to acquire a well-defined product - car loans, mortgage loans, savings deposits, etc. In turn, image advertising is associated with the formation of a certain favorable image of the bank. It is this kind of advertising that is acquiring special significance today, since the products of different banks are almost the same, which reduces the effectiveness of grocery advertising. Sales promotion includes the creation of incentives for customers to buy banking products. As a method for the movement of banking products, it has a lot in common with bank advertising, and to draw the line between these two methods often difficult. The main instruments for sales promotion include: drawing prizes and lotteries for customers, providing discounts to regular customers, providing additional free services, distributing coupons that qualify for discounts, etc.

In recent years, such a sales promotion tool has appeared, such as fairs and financial services exhibitions, where products and services of leading financial intermediaries are presented. Their concentration in one place allows potential customers to quickly compare the conditions offered by various banks and specialized financial institutions and to make an informed choice. Forming and developing public relations are aimed at creating and maintaining friendly relations and mutual understanding between the bank and its environment. Wide circles of potential customers, government organizations, partners, own staff, etc. The use of this communication policy tool complements all others, allows you to maintain a balance of interests between the bank and the public, as well as smooth out the negative reaction of the community environment on negative events concerning the bank and its reliability.

The main tools of the public relations system are the organization of press conferences and publications in the media in connection with important events in the bank's activities, participation of its representatives in scientific workshops, symposia, colorful publication of annual reports, sponsorship and charity. In this case, not only the bank's clients, but also bank employees, its owners and any other people act as objects of influence.

Strengthening the role and importance of marketing communications in modern society is associated with the need to carry out the transfer of messages to consumers in order to make the products and services of companies attractive to the target audience. Enterprises of various fields of activity are constantly engaged in promotion, trying to implement the following tasks:

- inform prospective consumers about their product, services, and sales conditions;
- To convince the buyer to give preference to these particular products and brands;
- make purchases in certain stores;
- force the buyer to act.

These tasks are solved through marketing communications, which, along with product policies, pricing, and marketing, are a marketing function.

Marketing communications is an activity, a set of tools and specific actions for finding, analyzing, generating and distributing information that is relevant to the subjects of marketing relations. Modern focus in this activity is on the formation, maintenance and development of long-term relations based on the focus on mutual benefit. As concrete actions, these are the processes of transmission and perception of messages aimed at prompting a certain choice or reflecting an already existing choice, point of view, opinion of the subject. In

other words, marketing communications are the process of transmitting information about a product to a target audience.

In modern literature, the concepts of “promotion” and “communication” rarely make distinctions. However, marketing communications are not only the means that form one of the elements of the marketing mix - promotion, but also include communications through any of all elements of the marketing mix. Based on this, the main thing in the definition of marketing communications is the notion that all variables of the marketing mix, and not only components of the promotion complex are involved in communication with customers. The concept of marketing communications includes all the means of managing the promotion, as well as the appearance of the product, packaging, and its price and distribution channels. It is also important that marketing communications should be developed specifically for each consumer segment, given its features.

Marketing communications is a two-way process, involving not only the impact on the target group, but also the receipt of feedback and feedback.

The exact way of attracting more customers and fulfilling the indicator of all aspects of marketing mix comes from good planned strategic advertising. Today new and modern ways of advertising and marketing tools made all kinds of businesses to create low cost advertisement with spending little time. This happens mostly by social media, search motors, World Wide Web sites and other.

Banking advertising in its most general form can be defined as a targeted informational impact, during which potential consumers are informed about the range of financial services provided, the reputation of the bank is formed and maintained, and mutual understanding, location and cooperation between the bank and counterparties are created and maintained. The study of modern banking advertising in Russia allows, in the first approximation, to highlight two main advertising strategies that differ significantly in their content and the

nature of their impact on the target audience. Let's call from, conditionally, “traditional” and “innovative”.

The specificity of banking advertising is due to the peculiarity of banking services - the lack of their material and material embodiment, as well as the key role that such a category as trust plays in banking. Success in this area, perhaps, as in no other depends on the steady reputation of the organization. That is why traditionally the majority of banks position themselves, above all, as stable, and bank advertising, in general, is inherent in well-known conservatism. Typical examples of traditional banking advertising, directly appealing to stability and sustainability, are demonstrated by Sberbank of Russia, the Industrial and Construction Bank, and a number of other large banks. Absolutely safe option - advertising, focusing on the duration of the presence of the bank in the market. Keywords and phrases used in this kind of advertising: “Founded in 1841”, “130 years of banking tradition”, “Reliability, time-tested”, etc. The “traditional” advertising strategy also includes appeals that rely on such categories as “guarantees”, “stability”, and others. (<https://utmagazine.ru>, 2017)

The most effective advertising is not the one that is the most expensive, but the one that will hit the target. In order for your message to reach the target audience, you need to develop a media planning strategy and follow it.

Otherwise, there is a risk to spend the entire budget in vain and not get a single client. But in order to develop an effective media plan, it is necessary to take into account many criteria:

Characteristics of the target audience (age, gender, wealth, place of residence, interests, etc.).

You need to be very clear about who you are selling your product or services to - where this category of people lives, what they are interested in, how much they spend, what social networks they have and where they are looking for

information about goods and services. The more accurate the portrait of a potential consumer, the higher the chances of "getting into the audience." However, remember that it is not always the consumer of the product and the one who pays for it - it is the same person. For example, jewelry is a typically "female" product, but more often men who want to please their daughters and wives buy them. Schoolchildren go to summer camps, but the decision to purchase a voucher is not made by children, but by their parents. The tone of the advertisement, its type, and the characteristics of the placement depend on who you are contacting.

Advertising campaign budget.

With this it is important to decide right away to correctly distribute funds. If the money runs out halfway to the goal, they will be wasted.

The goals of the campaign.

What do you want to achieve - increase brand awareness, achieve customer loyalty, and correct the negative image of the company? By and large, all goals can be brought to two common denominators - the formation of a positive image or sale. What interests you more right now? Depending on the answer to this question, you need to choose advertising tools and frequency of impressions.

The success of an advertising campaign depends largely on the choice of site:

Social networks.

Every year the advertising potential of social networks is growing. The coverage of social networks is huge - 90% of Internet users have an account in at least one social network. Facebook, Instagram and VKontakte today are very serious advertising sites and are serious competition sites. For example, a few years ago, the Jimmy Choo brand managed to increase sales by a third using only Twitter. Plus advertising in social networks - the exact tools for targeting. By choosing

your display settings, you can be sure that your ad will be seen by potential consumers - people of a certain age and gender living in a particular region. In addition to placing ads, you can conduct your group in social networks - this will allow you to quickly receive feedback from consumers and inform them about company news. The cost of advertising in social networks is average, but getting to the target audience is very, very high.

In the search results:

If the address of your site appears in the top five search results, 100% of users will see it. But as soon as he descends to 15th place, the number of those who notice him will drop to about 10%. To raise your site to the top and keep it there, you need SEO optimization. It involves placing certain content on the site - texts containing the necessary phrases, illustrations and video materials, as well as improving the structure of the site. SEO takes time and money. But in the long term, it pays off - after optimization, traffic can grow tenfold.

Online media.

On thematic sites and portals can be placed both contextual and native advertising. Contextual advertising - these are banners on sites that may be of interest to a potential consumer, or in the issuance of search services in response to a specific query. Obviously, advertising of children's products will work more efficiently on the website dedicated to motherhood, and business trainings are better promoted through the news portal about the economy. Native advertising is thinner. It is a material created in the style of a particular resource. They imitate the original content, but at the same time promote the goods and services of the customer. Trust in the resource automatically extends to advertising materials. This is a very effective tool for branding and forming a positive image, increasing confidence in your company. Moreover, in this way it is

possible to promote any product groups, both intended for consumers and oriented to the needs of the business.

Blogs, thematic forums and bulletin boards.

This is an open platform for the so-called guerrilla advertising - hidden marketing, i.e. non-advertising promotion of goods or services, which is “masked” under the original laudatory reviews of products, lively discussions and comments. Such techniques are quite effective - the main thing is that users do not suspect that this is an advertisement and under the guise of opinion from the "good uncle" they are trying to impose a specific product.

Today one of the new side of analytics comes to the top of the trend list and it is called data analytics. Big data is changing and making banking sector easy and more efficient than ever. Data analytics or big data affects all aspects of modern marketing and also advertising strategies of banks. Using this new and innovative tool banks can easily reach to their customers and know exactly what customers do and want from them.

Chapter 2. Basic trends in business strategies of commercial banks in retail market.

2.1 Current state of products used by commercial banks in the retail market.

Nowadays commercial banks use traditional services and operations in order to develop new and modern ways of using past operations. By doing this plan they create new separate services which we can say new products and new modernized and more valuable way of doing old service. Generally we define 3 types of operations in commercial banking sector:

Credit operations are the relationship between the lender and the borrower (debtor) on the presentation of the first to last of a certain amount of money on the terms of payment, urgency, repayment.

Passive operations of the bank - operations to raise funds in banks and the formation of resources of the latter.

Active operations of commercial banks - operations on placement of own and borrowed funds with the purpose of obtaining income, which are recorded in active balance sheet accounts.

Active operations are divided into:

- Loan operations - operations to provide funds to the borrower on the basis of urgency, repayment, payment.
- Accounting and accounting transactions associated with the purchase, accounting for bills of exchange or acceptance of bills of exchange as collateral.

- Settlement operations - operations on crediting funds to customer accounts and paying their obligations to counterparties from accounts.

- Cash transactions– operations for receiving and issuing cash.

Investment operations - operations on the investment by the bank of its funds in securities and units of non-bank structures for the purpose of joint economic activity. (studopedia.ru, 2015)

- Stock operations– operations with securities (besides investment): with bills - accounting, rediscounting, operations for protesting bills, storing bills, selling them at auction; stock paper transactions.

Commercial banks today perform a wide range of operations to meet the financial needs of all types of customers (up to 300 operations). The main types of operations are:

- Maintenance of deposit accounts,

- Cashless transfer of funds,

- taking savings,

- providing various types of loans,

- trust operations,

- Operations with securities, etc.

Modern services compared to traditional banking services are:

- Constituent services and constituent activities;

- Issuance of guarantees and sureties; - trust services (trust management)

- Factoring services - is the purchase of debt from the buyer's enterprise with a concession and thereby earn cash.

- Forfeiting operation (service) - a transaction in the west lasts up to 7 years.
- Leasing operations consist in the fact that this is a rental operation (banking equipment, money to buy property for rent, in order to generate income).

In order to analyze the current state we used the statistics of customer relations and customer satisfaction in whole Russian retail banking sector. Statistics and information developed by survey method and through all banks in Russia. Most of the customers done this survey and interview inside the bank while waiting or after their work done. (Razhumovskaya, 2017)

Every tenth Russian pointed out that over the past year he was not satisfied with the financial organizations that he used. And only 4% of them expressed their complaint verbally or in writing. More often than the others, borrowers with problem loans expressed their claims. The main forms of dissatisfaction were an oral complaint to an employee of the organization (51% of all who complained), complaints to acquaintances during conversations (28%). 28% of dissatisfied respondents decided on a formal written claim to the bank's management. The higher the subjective assessment of the financial literacy of the respondents, the more they are inclined to complain to the bank. [2] Every fifth Russian has high payments on the loan - more than 30% of family income. Another 8% said they give more than half. One-third of those surveyed with a loan (32%) pay out less than 10% of their income. A quarter (24%) called the amount within 20% of total income. Over a quarter of borrowers (28%) over the past year found themselves in a situation where they could not make another loan payment, and half (14%) came across this more than once. Over the past five years, 45% of loans were used, and among them, 6% were applying for restructuring. The most common way of restructuring for using this service was to increase the loan terms (44%); less often called a reduction in the interest rate (27%) and a change in the accrual scheme of payments (18%). Against the background of a difficult and not completely understandable economic situation, Russians have adjusted

their investment and savings behavior. Every fifth respondent who has a job sets aside money in case of loss (24%), and as many do not do it, but plan to start (24%). Half of the working citizens do not intend to create a “safety cushion” in case of loss of the source of funds (52%). 27% of Russians reported that their family has savings (deposits in banks, insurance policies, stocks, bonds and other securities, cash). The share of those practically does not change since 2005 (except for some years). Every tenth thinks that now is a good time to save money (11%), and more often this is expressed by those who have savings (17%). In 2010, so answered 17% of Russians. Every third, on the contrary, believes that it is not time for savings (35%). 42% cannot unequivocally say whether the current period is good or bad. [1] For six years, Russians consider real estate to be the most reliable investment of money, and the share of those who expressed such a position increased from 40% in 2009 to 65% in 2016. Buying gold and jewelry ranks second in terms of reliability. Closes the top three most reliable investments - opening an account with a state bank (16%). Such a type of investment as storage of rubles in cash has lost relevance: six years ago, 15% of Russians indicated its reliability, now it is three times less (5%).

2.2 The development strategy of commercial banks in retail market.

Currently experiencing one of the most ambitious stages of evolution. First of all, it concerns banking and financial services.

“World leaders are technology companies. At the global level, national ecosystems will be created. Their companies are sold, they say in Sberbank.

Through the eyes of the consumer, banks are beginning to provide such high-quality and comfortable services to customers who in their daily life interact with a need that becomes almost imperceptible and does not take time. We have

all the necessary banking services, without employees, without money, without clients. (Qaleev, 2017)

Without offices

This trend is now the most obvious, in his favor says the statistics of reducing the number of bank branches in Russia - by 7 thousand in less than two years from the end of 2014 to September 2016. Of course, banks are closing for financial reasons. However, in the medium term, it is possible to obtain cleaner data. At the Central Bank, for example, we are confident that by the middle of the next decade, there will be 40-50% less banking offices in the country than now. Russian statistics reflect global trends. Branches reduce such giants as Bank of America, City, HCBS. The total number of offices closed in the United States was, according to some data, 6 thousand in the last 8 years.

“No matter how comfortable you make your offices, customers will still consider visiting them as a waste of time and money. Most customers do not need offices, if they can get access to any service from any device (laptop, tablet, smartphone, smart watch, smart car, etc.), at any time, from any geographical point. For the bank itself, the branches are also serious investments and fixed costs,” says Vladislav Shershulsky, director of promising technologies at Microsoft.

For the successful implementation of this direction, banks will have to solve several extremely technological issues. For example, to provide access to customers from anywhere in the world 24/7 on any issue. At the same time, reliable remote authentication and protection of personal data are required, and employees (and, perhaps, the clients themselves) will need some office applications for distributed work. So far this is not always possible, and in Russia not all leaders are ready without any reservations to take the path of closing offices.

“We are creating new technological processes that allow us to work with a large number of clients without increasing the number of branches. It also allows us not to make a client dependent on the physical presence of our office in his city,” says Roman Zilber, Deputy Head of the Directorate for Individuals and Small Business, Raiffeisenbank.

At the same time, VTB doesn't believe at all that in the near future there will be no need for bank branches: “Branches will always be necessary, since personal professional advice on selling complex banking products, such as mortgages, will always be necessary. There are also banking operations that cannot be performed remotely: deposit a large amount of money into the account or, for example, use a safe deposit box. In the future, offices will be functionally adapted to new customer needs, including taking into account the global digitalization of the banking industry. ”

To some extent, this opinion refutes the success of Tinkoff Bank, which completely abandoned its branches, but increased its client base in Russia to 4 million people. His Internet banking was recognized as the most effective in the country in 2014-2015. agency Markswobb Rank & Report. Moody's already this year raised its long-term deposit ratings of Tinkoff Bank in foreign and national currencies and the rating of priority unsecured debt in national currency from B2 to B1, noting the company's flexible and stable business model and strong financial performance. Ultimately, this allowed Oleg Tinkov himself to return to the Forbes billionaire list.

Without employees

The reduction in the number of branches is only one of the reasons for the decrease in the number of employees, but far from the main one. Banks and enterprises Fintech have become an advanced platform for running all sorts of fashionable (but not less useful) technologies. Ultimately, they run into increased customer autonomy (self-service), the use of intelligent assistants and

chat bots (using artificial intelligence technologies) and the increasing role of CRM and big business intelligence (of course, using machine learning).

“Many of the responsibilities of employees can be shifted to customers. So, in many cases, customers can design the most suitable products for themselves, in self-service mode. The same applies to reports and analytics. Chat bots with artificial intelligence elements can discuss problems and solutions with clients. In the end, when the “computers were young”, they communicated with people exclusively in chat rooms, only this was called “the command line on the alphanumeric display”. Personally, I like this return to basics, ”says Vladislav Shershulsky.

All key players in the Russian banking sector are moving in this direction. In Deltabank, they launched an application that instantly issues a decision on a loan request and allows you to find out the amount of mortgage approval by a high degree of probability (80%). Everything is built on self-service, which is based on CRM, and the client is only required to download scanned documents. For 9 months About 8,000 applications were processed by the application and credits were granted for \$1 billion.

“We considered, if we compare the bank today and Sberbank five years ago, then approximately 50% of the decisions that were made by people are made by machines today. And in five years, we believe that we will be able to make approximately 80% of all decisions automatically using artificial intelligence, ”sets head of Sberbank German Gref, setting horizons.

It is with the use of bots that large banks, not only in Russia, but throughout the world, have serious hopes. KPMG introduced a revolutionary development - a personal electronic assistant called EVA (Enlightened Virtual Assistant - "Advanced Virtual Assistant"). It uses advanced analytics tools, voice authentication, artificial intelligence, API and cloud technologies. After

analyzing the client's fast-food expenses and linking them with the state of health, the application can not only make an appointment or advise reading health books, but also pay for them.

Goldman Sachs went even further. There, traders who traded stocks on behalf of large bank customers were replaced with robots. Of the 600 people on whom this function lay in 2000, now there are two left! Of course, such measures require a completely different approach to personnel management, while it is there: in the short term, it will not be possible to replace everyone. To do this, banks in Russia still need to substantively deal with technologies that may be in their infancy.

“Among the trends of the near future, remote identification of clients can be noted. Biometric data is unique, so you can talk about the maximum reliability of the method. At present, the development of such services is carried out by the main players in the banking market, ”say the press service of VTB.

“Simultaneously with the automation and robotization of classical banking processes and functions, the banking business becomes more complex. On the one hand, the requirements for the bank, management of its stability, compliance, and KYC procedures are increasing (Know your customer - “Know Your Customer”, - ed.). On the other hand, the complexity of end banking services is growing, there is an increasing number of combined and complex services, the need for robotization competencies is growing. In general, we see that employees will have something to do in the new reality, ”summarizes the director of information technologies of Otkrytie Bank Kirill Menshov.

Without money

However, right now they are talking more about simplifying banking procedures. The main reason is the refusal of ordinary money in favor of cryptocurrency and blockchain services. To implement this idea, it may take

years, however, it is already obvious now that they will simplify both the verification of clients and the transactions themselves, and indeed any relationship connected with liquid assets.

“Money is one of the most ingenious inventions of mankind. But for all its fundamentality, they are constantly changing. There were shells and gold coins, there were receipts and banknotes. Now, blockchain technology can help us to present highly liquid values (they are also “proof of trust”) - distributed bases of signed blocks of transactions with collective verification. Of course, this is not necessarily the bitcoin cryptocurrency. A lot of interesting applications can be built on the basis of the blockchain, for example, the so-called “reasonable contracts”. But still, in my opinion, the most interesting thing about the blockchain technology is the ability to carry out an evidence-based transaction much - several orders of magnitude - cheaper than with more traditional approaches,”said Vladislav Shershulsky.

Positive experience of such changes in the banking sector already exists. Barclays Bank conducted the first bargain with an Israeli startup using the blockchain. As a rule, in such cases, it is necessary to be puzzled by complicated document flow, including sending confidential documents by courier. In practice, this takes up to 30 days. With the help of the blockchain, everything was done in 4 hours. (riarating.ru, 2018)

“Intermediaries are involved in many business models, such as notaries, SWIFT international money transfer systems, depositories, and so on. Blockchain gives the opportunity to either completely or partially refuse their services, and, thereby, significantly speed up and cheapen business operations,”says Kirill Menshov.

“Blockchain as a service” is another trend with potentially widespread use. Large software manufacturers are already providing similar solutions, for

example, based on cloud technologies. They are beginning to use them in Russia: “RosEurobank” has developed a prototype of the system of remote user identification on the blockchain. As conceived by its creators, a decentralized system will allow customers to use the services of other banks. Naturally, without visiting offices. The guide will be a regular application, and the identification will be carried out by credit organizations. If the project is implemented, a single window will be created to use the full range of banking services.

Without customers

Another change is also tied to transactions: banks and Fintech enterprises will communicate not with people, but with Internet of things devices, the number of which already exceeds the planet’s population, and by 2025 it will reach 50 billion. Of course, the client will independently determine them. authority, but that’s his connection with the bank ends. People, however, remain the ultimate beneficiaries of the process.

MasterCard has become a pioneer in creating such services. It develops a program that will help almost any gadget to turn into a payment tool. At CES 2017, a joint development with Samsung was presented: the Groceries application allows you to select and pay for products directly on the display of a smart refrigerator, which also tracks the shelf life of food and is able to make additional orders in case of food spoilage.

“The role of financial institutions in society is not reduced and has never been reduced only to the transactional component. It is much wider. With reference to our topic, this means that the client is not attracted by the act of the transaction itself. Moreover, it often causes negative emotions. Each time a client pays with a bank card, the bank may receive a commission, but his strategic ability to do business with that client declines. In fact, customers want to see a trusted partner

in the bank that helps them plan their lives and enjoy the execution of plans. But the implementation of transactions is better to leave the Internet of Things devices. Let them choose the optimal utility tariffs, pay the bills and so on. As part of the powers granted to them, of course, ”says Vladislav Shershulsky.

The bank should become a friend and helper in achieving goals, and not an institution that, as it seems to the consumer, lives only by trying to deprive him of some of the money. Such enterprises will be called upon to cause only positive emotions, and they will become the main currency in the relationship between banks and their customers.

“If we talk about already implemented projects, then the most striking will be a fully digital solution, allowing our client to realize the dream of a new apartment with a design project, repair and turnkey furniture. In this case, the client with the help of virtual reality technology can walk on it, pick up the design, furniture, and even appreciate the view from the windows. And he gets the keys to the finished apartment, without leaving his city, visiting the bank only once - to complete a mortgage transaction, ”Kirill Menshov cites an example of such an emotional interaction.

Banks will leave the architecture of the systems of the last century

To implement all of the described business (or even humanity) will have to solve several problems. Some of them are purely technological challenges, such as a departure from the antique mainframes, on which the information systems of most banks operate. Their maintenance costs are quite expensive, but to change these principles, we will have to revise almost all the fundamentals of the systems architecture that were formed half a century ago, as well as the very methodology of software development and maintenance.

By the way, according to Gartner's calculations, large enterprises (including those in the financial sector) spend up to 70% of IT budgets to service critical data, and 60-80% of these data are still unstructured and are practically not used.

Even now, in many enterprises of the industry, innovative platforms simply overlap with the old matrix, which is why banks are trying to simply maintain them in working order, and they devote very little time to development.

Attempts to modify an established system by breaking up monolithic processes within financial institutions into microservices give some hope, but the process will definitely be very laborious.

“As a result of the digital transformation of financial institutions, tectonic changes must occur. Say, the number of customers, whether they are people or devices, may increase by an order of magnitude or more. The time taken to bring a new service to the market should be reduced by an order of magnitude or more. The cost of providing services to one client should fall about two orders of magnitude. These are very difficult goals, admits Vladislav Shershulsky.

“Fortunately, such new automation tools as cloud technologies, microservice architecture, deep machine learning, hubs for managing the Internet of things, blockchain and collective cybersecurity make the task in principle solvable.”

Another important issue is ensuring the security of the functioning of such a large number of Internet of Things devices. Here in recent years, some progress has been noticed, associated with the development of principles and technologies of collective security in general, and clouds in particular.

“In the traditional model, each individual unit, the same bank, is faced with the fact that it cannot predict in advance which type of threats will be implemented by the attackers. And as all companies coordinate at the organizational level, during the exchange of information, it becomes possible to create common

remedies. And this theoretically allows good guys to have a greater technical mass of competences than bad ones, ”says Vladislav Shershulsky.

Here, the role of large producers becomes obvious: when a company takes a large number of customers to the cloud, while having numerous agreements with both private and state-owned enterprises, it is possible by joint efforts to quickly accumulate a sufficient amount of information about criminals and impose certain patterns on cyber threats. In addition, you can use the same methods of machine learning and artificial intelligence to quickly identify suspicious activities.

New laws of robotics

But there are problems that relate to the legal sphere, and even to a certain degree to the philosophical one. Bill Gates (Bill Gates) believes that the replacement of people with information systems and robots should not take place chaotically in terms of replenishment of state budgets: the founder of Microsoft proposes to develop a tax policy on technology.

“Now, if a human worker receives \$ 50,000 working in a factory, his income is taxed, and you get income tax, social taxes and other payments. If the robot does the same work, then we could think about imposing its labor at the same level, ”proposed Bill Gates.

Member of the Google Advisory Board, a professor at Oxford University, Luciano Floridi (Luciano Floridi) goes even further: he believes that this is a natural stage of evolution, as an extension of the rights of citizens in ancient Rome. (Deloitte, 2018)

These problems, however, are still in their infancy. In the matter of the formation of a certain legislative base for the provision of robotics, humanity does not follow the principles of Azimov. The European Parliament has created

a special agency on artificial intelligence and robotics. This should be coming soon.

Chapter 3. The perspectives of the marketing activity of the commercial banks in the bank services market.

3.1 The perspectives of the organization of the marketing activity of the commercial banks.

The banking industry is experiencing destruction at an increasing rate. Over the past few years, traditional financial institutions and non-traditional fintech firms have begun to realize that cooperation can be the best way to long-term growth. At the same time, large technology firms offer financial services, creating technological solutions.

The basis for cooperation is the ability to combine the strengths of both banks and fintech firms in order to create a stronger organization than any department could create on its own. For most high-tech organizations, the main advantages are innovation, flexibility (speed of setting), customer focus and infrastructure created for digital technology. These are the advantages that most traditional financial institutions do not possess.

Alternatively, most banking institutions have a scale, greater brand recognition and established trust. They also have sufficient capital, knowledge of regulatory compliance, and a well-established distribution network.

According to the World Fintech Report 2018 by CapGemini and LinkedIn, in collaboration with Efma: “Most successful Fintech firms focused on narrow functions or segments with high levels of friction or those that are undervalued by traditional financial institutions, but struggled to scale themselves independently, Traditional financial institutions have an extensive client base and deep pockets, but outdated systems constrain them.”

The challenge will be to be able to create an environment in which collaboration can flourish, rather than stifle the attributes of the beneficiaries of any of the partners.

The difference between fintech and techfin is based on the origin of the base organization. Fintech typically refers to an organization in which financial services are provided through better experience using digital technologies to reduce costs, increase revenue, and eliminate friction.

The main example of the fintech offer is mobile banking services offered by most traditional banks. More generally, Fintech refers to unconventional financial offers, such as PayPal, Zelle and Venmo in the USA and Starling Bank in digital format only, Monzo and Revolut in the UK.

As an alternative, techfin usually refers to a technology firm that finds the best way to provide financial products as part of a wider service offering. Examples of such companies are Google, Amazon, Facebook and Apple (GAFA) in the United States, as well as Baidu, Alibaba & Tencent (BAT) in China.

A couple of years ago, Jack Ma, a technology visionary, co-founder and executive chairman of the Alibaba Group, described the difference between Fintech and Techfin.

There are two great opportunities in the future financial industry. One of them is online banking, where all financial institutions go online; the other is Internet finance, which is managed exclusively by outsiders. - Jack Ma

In both cases, the success of these financial institutions will depend on the ability of the institution to collect and analyze massive data sets, learn from experience in order to improve personalization and digital interaction in real time, and expand offers in response to consumer needs.

3.2 The development of the online payment and utilities in bank services market in the modern world.

Every year in Russia, more and more banking operations are performed through remote service channels. Online communication, according to market participants, is beneficial to both customers and banks themselves, so the recent development of remote services is called one of the priorities of their work. At the same time, it is too early to say that in the near future, banks will abandon physical offices.

According to a survey conducted by the Marksw Webb Rank & Report analytical agency conducted in 2016, 75% of bank customers use at least one remote access channel to their cards, accounts, and other banking products. According to forecasts of research company J'son & Partners Consulting, the turnover of remote banking operations will grow by an average of 28% per year.

Interviewed by the "Bank" market participants confirm such data. For example, the number of customers of Activecapital Bank, which use remote services, is growing: these are almost all legal entities and about 25% of individuals. More than a third of customers of banks belonging to the VTB group use at least one of the remote service channels. In Raiffeisenbank, online banking penetration among retail customers is about 35%. "Last year, 80% of all banking transactions of individuals were carried out through the Internet bank. By the middle of this year, this figure was 87%, "says Artem Sarkisyan, director of the Raiffeisenbank network of operational offices in the Samara region. More than 90% of operations in the Russian Capital Bank are conducted online. Alfa-Bank also speaks about the growth of indicators in this area. In particular, in Samara, the share of operations performed by retail customers through remote service channels is about 40%, corporate - 70%. "Customer penetration into Promsvyazbank's digital channels has grown by almost 70% since the beginning of the year. The issuance of online loan products has increased fivefold. More

than 50% of all deposits are processed in a mobile and Internet bank, ”Tatyana Peremyshlina, vice-president and regional director of the Samara operations office of the Volga branch of Promsvyazbank, reports. In the first nine months of 2017, the number of users of the Rosbank mobile application in Samara increased by 1.3 times compared to the same period last year.

“We live in the age of Internet technologies, today's bank customers need to be in touch with their financial partner 24 hours a day. The competition in the banking market is very high, and if you do not meet the needs of your customers, do not provide them with convenient and, most importantly, quick access to financial services, you can easily lose them. Remote banking services (RBS) allow customers to save time, and banks to reduce costs by helping them actively sell products and services, ”explains Vitaly Batrak, manager of the Samara branch of Rossiysky Capital Bank.

Shortening the distance

The development of remote banking channels banks are called one of the priorities of their work. “The constant development of remote service technologies in the banking sector is dictated by the modern rhythm of life, multitasking and the need to save time on the usual payment transactions. The remote process is beneficial to both the client (saving time) and the bank (saving maintenance costs). Therefore, credit institutions expand the possibilities of online work, ”argues Konstantin Balduev, director of the territorial office of Rosbank in Samara.

Artem Sargsyan believes that today banks that make their services as simple and versatile as possible receive competitive advantages. “Given the high employment and mobility of customers, we strive to create a comfortable environment for banking operations from anywhere in the world where there is access to the Internet. For the bank, this is an investment in the future, which

will minimize costs, attract new customers and increase commission income, ”adds Alexey Kosharsky, Deputy Chairman of the Board of PJSC“ AK Bank ”.

According to Alexei Kosharsky, the most popular RBS services are all types of online transfers and payments, payment for goods and services. “Among the clients of Active Bank Capital are leaders in the number of transactions - payment for mobile communication services and services of providers, in amounts - transfers between accounts,” says Mr. Kosharsky. “The most popular transactions with our clients are transfers between their accounts, payment for a mobile phone, transfers from card to card and payment of utilities,” agree with the press service of VTB.

Artem Sarkisian notes that everything depends on the category and status of the client: “Payment for services, conversion and transfer between accounts are the top 3 most popular services with retail customers. Small companies most often go to an online bank to make a payment, look at the account balance and track the movement of funds. ” Vitaly Batrak adds that the most popular among corporate clients is to make payments and view statements, place deposits, check their counterparties, execute currency control documents and send payroll registers.

According to Marksw Webb Rank & Report, 18.1 million people use mobile banking applications for smartphones and tablets in Russia, or 33% of the Russian Internet audience. But it is with this remote service channel that market participants associate the most active growth of operations in the coming years.

“Today, most operations are available in the mobile app. Although our client base is growing, the penetration of the Internet bank has slowed. At the same time, the volume of operations carried out through a mobile bank is increasing by about 15–30% per year, ”says Sergey Nagaitsev, manager of the Samara operational office at Alfa Bank.

An increasing number of bank customers are moving from online banking to mobile applications, agree to VTB, believing that this trend will continue in the future. "Over the past two years, the ratio between the web version of the online bank and the mobile application has noticeably changed. In 2015, online banking accounted for 63% of operations and 37% for mobile devices. In 2017, using a smartphone, 60% of operations are performed," Artem Sarkisyan quotes statistics.

At the same time, according to him, despite the increasing popularity of the mobile service in terms of transaction volume, the Internet bank remains the leader: "According to our observations, customers who transfer large sums prefer to do this using a computer. At the beginning of the year, the volume of transactions in the mobile application accounted for only 30%, by the middle of the year - 40%. It is possible that by the end of 2017, this ratio will be 50/50".

Conclusion and suggestions.

Studies show that Banks applying all concepts and techniques which introduced in this study have potential development more than before upward trend. In the business side it is sure that banks needs to forget old fashioned stuff where more customers complain about it is bureuecratic and boring. Developing new methods for fastening the today's services have to be the main priority. Also banks should keep their security level clean from increasing speed of process.

New services are becoming eligible in every side of the world. Business analysis that this study contains shows new services can be discovered by deiving old and traditional services into pieces ort continuing the service till the end with a bundle offer. The most of the discoveries comes from new trends in other sectoral changes. The other business sectors which directly have connection with banking or financial sector is changing and globalising. The new innovations make bank and banking sector to be aware of the change and be ready for creating new things in order to react to that changes. That is how new services appear. But in fact the virtual world, world wide web changes the applications, and transfers all of them to the internet. Today every one takes it's bank to the smartphone. People carry their accounts, also the bank inside their pocket. This new pocket edition of banking experience give snew opprtunities and promotional effects in the whole new century.

Marrketing also increases it's awareness and develops inside virtual world by many different and direct versions. First of all it is more specific where you can target potential or loyal customers without much more efforts. Second, virtual world gives a lot more effective result in efficient, cheap way. Banking marketing has not much physical things to promote but promoting financial services as a new innovative and creative way is possible today.

All of the business structures today becomes individual against all of the customers, connecting with them as much possible as individuals. Personal relations with customers increases loyalty and also creates positive belief and trust. Banking marketing also changes it's path to individualism and shows individual customer satisfaction methods for gaining good awareness also creates socially active events for supporting people and their thoughts.

All this applications in both real and virtual, digital way becomes the new face of financial amrket and banking sector in todays economic world.

In conclusion, it has been revealed that the success of banking sector in future strongly depends on their innovative and modern approach to business analytics and strategies. The financial development and more awareness of banks depends on the marketing strategies that meets modern standards where all customers reacts it as an individual. More methods and tools creates more income and effectiveness also more deeply modernised and innovative approaches make the background of financial sector strong enough to handle situations and contribute to the local and global economy.

References

1. (2015). From infocity.az:
<https://infocity.az/2015/12/az%C9%99rbaycanda-mobil-bankciliq/>
2. (5 May 2015 г.). From studopedia.ru:
https://studopedia.ru/9_216278_vidi-operatsiy-kommercheskih-bankov-sovremennie-uslugi-kommercheskogo-banka.html
3. (12 December 2018 г.). From riarating.ru:
<http://www.riarating.ru/banks/20181228/630115664.html>
4. CIA. (4 April 2019 г.). *cia.gov/library/publications*. From cia.gov:
<https://www.cia.gov/library/publications/the-world-factbook/geos/aj.html>
5. Deloitte. (2018). From deloitte.com:
<https://www2.deloitte.com/ru/ru/pages/financial-services/articles/gx-banking-industry-outlook.html>
6. <https://utmagazine.ru>. (18 November 2017 г.).
https://utmagazine.ru/posts. From <https://utmagazine.ru>:
<https://utmagazine.ru/posts/21133-bitkoin-v-bankovskoy-sisteme>
7. Marous, J. (2019). *thefinancialbrand.com*. From thefinancialbrand.com:
<https://thefinancialbrand.com/77869/innovation-trends-banking-ai-api-personalization-payments/>
8. prostocoin.com. (5 April 2019 г.). *prostocoin.com/blog/decentralization*.
From prostocoin.com: <https://prostocoin.com/blog/decentralization>
9. Qaleev, A. (27 July 2017 г.). From cnews.ru:
http://www.cnews.ru/articles/2017-07-11_kakimi_budut_banki_budushchego

10. Razhumovskaya, O. A. (2017). From e-koncept.ru: <https://e-koncept.ru/2017/770389.htm>
11. www.aif.ru/. (б.д.). *www.aif.ru/boostbook*. From www.aif.ru: <http://www.aif.ru/boostbook/ieffektivnaja-reklama.html>
12. Yocco, V. (19 January 2015 г.). *smashingmagazine.com/2015/01*. From *smashingmagazine.com*: <https://www.smashingmagazine.com/2015/01/five-characteristics-of-innovations/>
13. Editorial Board, “Euro-Zone Tapering Is a Delicate Task,” Bloomberg View, October 25, 2017.
14. Buttonwood, “Globalisation Backlash 2.0,” Buttonwood’s Notebook (blog), The Economist, July 27, 2016.
15. HSBC, “Fintech Can Help Banks With Stiffer Compliance,” press release, June 23, 2017.
16. John Heltman, “Role Reversal: US Leads Race to Bottom in Global Bank Rules,” American Banker, September 18, 2017.
17. Office of the Comptroller of the Currency, “OCC Solicits Public Comments on Revising the Volcker Rule,” press release, August 2, 2017.
18. Stephen Ley and Steven Bailey, “PSD2 Opens the Door to New Market Entrants: Agility will be Key to Keeping Market Position,” Deloitte UK, March 2016.
19. Cindy Chan, Natasha de Soysa, David Strachan, Dominic Graham, and Richard Burton, “Senior Managers Regime: Individual Accountability and Reasonable Steps,” Deloitte EMEA Centre for Regulatory Strategy, April 2016.
20. 2016 Ovum ICT Enterprise Insights Survey.

21. Gartner, “Forecast: Enterprise IT Spending for the Banking and Securities Market, Worldwide, 2015-2021, 3Q17 Update,” October 30, 2017, <https://www.gartner.com/document/3821565?ref=ddrec>.
22. Val Srinivas, Urval Goradia, and Richa Wadhvani, “Managed Services: A Catalyst for Transformation in Banking,” Deloitte Insights, March 22, 2017.
23. Edward Hida, “Global Risk Management Survey, 10th Edition,” Deloitte Insights, March 2, 2017.
24. Rob Galaski and R. Jesse McWaters, “Beyond Fintech: A Pragmatic Assessment of Disruptive Potential in Financial Services,” World Economic Forum and Deloitte, August 2017.
25. Jim Eckenrode and Val Srinivas, “Disaggregating Fintech: Brighter Shades of Disruption,” Deloitte Center for Financial Services, June 2016.
26. By “automation” we mean machines and tools powered by computing and artificial intelligence that can now do tasks hitherto done by people.
27. Chanyaporn Chanjaroen, “Ex-Citi CEO Says 30% of Bank Jobs at Risk from Technology,” Bloomberg, September 23, 2017.
28. Irving Wladawsky-Berger, “As Automation Anxiety Grows, Remember We’ve Been Here Before,” CIO Journal, Wall Street Journal, September 1, 2017.
29. Val Srinivas, “The Future of Automation in the Banking Industry: What Can We Learn From ATMs?,” Deloitte Quick Look Blog, July 19, 2017.
30. John Hagel, Jeff Schwartz, and Josh Bersin, “Navigating the future of work: Can We Point Business, Workers, and Social Institutions in the Same Direction?,” Deloitte Review, Issue 21, July 31, 2017.
31. Josh Bersin, Bill Pelster, Jeff Schwartz and Bernard van der Vyver, “Rewriting the Rules for the Digital Age: 2017 Deloitte Global Human Capital Trends,” Deloitte Insights, February 27, 2017.

32. Gerald C. Kane, Doug Palmer, Anh Nguyen Phillips, David Kiron, and Natasha Buckley, "Achieving Digital Maturity: Adapting Your Company to a Changing World," Deloitte Insights, July 13, 2017.
33. DBS, "DBS to Invest SGD20 Million Over Five Years to Transform Employees Into Digital Workforce, in Support of Singapore's Aim to Be Smart Financial Centre," press release, August 21, 2017.
34. Telis Demos and Christina Rexrode, "Wealthier Depositors Pressure Banks to Pay Up," Wall Street Journal, October 24, 2017.
35. David Bolton, "61% of People Access Mobile Banking on a Regular Basis," Applause (blog), February 1, 2017.
36. Baranova A.S., Nikonets O.E. Credit risks // Economics and management in the XXI century. 2015. No. 7. P. 43-48.
37. Zakirov A., Selikhova O.E. Industrial infrastructure of an industrial hub: theory and practice // monograph / A. Zakirov, O. E. Selikhova. Moscow, 2004.
38. Karavaeva, Yu.S., Nikonets, O.E. Financial analysis of the prospects for the development of the credit banking sector in the region // Bulletin of NIERI. 2016. № 1 (56). Pp. 72-82.
39. Mandron V.V., Nikonets O.E. The degree of volatility of the conjuncture of the national financial market in crisis conditions // Vestnik NIEI. 2016. № 3 (58). Pp. 40-52.
40. Martynova A.A., Vybornova A.A., Nikonets O.E. The development of the agro-industrial complex in the Russian Federation in the conditions of the financial crisis // Scientific and methodical electronic journal Concept. 2016. V. 11. S. 61-
41. Melnikova O.V., Marchenko A.V., Nikonets O.E. Strategic directions for the development of a commercial bank through the implementation of a salary project // In the collection: Innovations in the formation of the strategic vector for the development of fundamental and applied scientific

- research, a collection of scientific articles on the results of the international scientific-practical conference. Non-state educational institution of ADDITIONAL PROFESSIONAL EDUCATION "St. Petersburg Institute of Project Management". 2015. pp. 202-205.
42. Nikonets O.E., Grin I.A., Marchenko A.V. Contactless payments: history and safety // Scientific-methodical electronic journal Concept. 2016. T. 15. S. 2726-2730.
43. Nikonets O.E., Chesnokova E.M., Markovtsova V.A. Ways to improve the legislative and regulatory support activities in the Russian Federation in the field of lending // Scientific-methodical electronic journal Concept. 2015. No. 12. P. 191-195.
44. Nikonets O.E., Marchenko A.V. Modernization of approaches to assessing the creditworthiness of the borrower as one of the factors shaping the competitive strategy of the bank // Eurasian Union of Scientists. 2015. № 10-5 (19). P. 124-129.
45. Nikonets O.E., Vassilieva M.V. Prospects for a Customer-Oriented Approach // In a Collection: The Fourth International Conference on Economic Sciences 2014. P. 123-127.
46. Nikonets O.E., Mikhalev S.I. Prospects for the development of innovative credit organizations // In the collection: Strategic communications, theoretical knowledge and practical skills in economics, project management, pedagogy, law, political science, environmental management, psychology, medicine, philosophy, philology, sociology, technology, mathematics, physics, chemistry Collection of scientific articles on the results of the International correspondence scientific-practical conference. Non-state educational institution of ADDITIONAL PROFESSIONAL EDUCATION "St. Petersburg Institute of Project Management". 2013. P. 229.

47. Nikonets O.E., Mikhalev S.I. Factors of innovative development of the regional economy of Russia // Progressive technologies of development. 2013. No. 11. P. 35-41.
48. Nikonets O.E. Innovative type of development of the banking system // Bulletin of Bryansk State University. 2012. № 3 (2). Pp. 293-295.
49. Nikonets O.E. Integration of the regulatory systems of the Russian and world financial markets: theoretical and practical aspect // Bulletin of Bryansk State University. 2011. No. 3. P. 294-296.
50. Russian market of banking services. Sociology. Statistics. Publications..Thematic review (№1) - URL: http://nacfin.ru/wp-content/Thematic_review_sept.pdf
51. Rulinskaya A.G., Bepalov R.A., Bepalova O.V., Zverev A.V., Karavaeva Yu.S., Kovalerova L.A., Mandron V.V., Mishina M.Yu., Nikonets O .E., Savinova EA, Taranov A.V. The financial market of Russia: modern characteristics, tools, regulators -Monography / Edited by A.G. Rulinsky. Moscow, 2015.
52. Selikhova O.E. Management of the formation and development of the industrial infrastructure of an industrial site // dissertation for the degree of candidate of economic sciences / Bryansk, 2002
53. Financial behavior of Russians in 2015.- Directory of NP Guild of marketers. Under total ed. I.S. Berezina. M., 2016, p. 196-202
54. The official site of the information agency "Banks.ru" - URL: <http://www.banki.ru/news/lenta/?id=9180819>
55. The official website of the media monitoring system from Interfax - URL: <http://scan-interfax.ru>
56. Official site of United Card Services - URL: [http://ucscards.ru/ValSrinivas, Steve Fromhart, and Urval Goradia, "First Impressions Count: Improving the Account Opening Process for Millennials and Digital Banking Customers," Deloitte Insights, September 6, 2017.](http://ucscards.ru/ValSrinivas,SteveFromhart,andUrvalGoradia,FirstImpressionsCount:ImprovingtheAccountOpeningProcessforMillennialsandDigitalBankingCustomers,DeloitteInsights,September6,2017)

57. Penny Crosman, “When Your Teller Is Also Your Digital Banker,” American Banker, September 21, 2017.
58. Zhuang Qiange and Jiang Xueqing, “Banks Take Bold Step Forward With Face Tech,” China Daily, October 9, 2017.
59. Margaret Doyle, Rahul Sharma, Christopher Ross, and Vishwanath Sonnad, “How to Flourish in an Uncertain Future: Open Banking,” Deloitte UK, 2017.
60. Antoine Gara, “Wall Street Heavyweight Goldman Sachs Launches Its Consumer Lending Platform Marcus,” Forbes, October 13, 2016.
61. Thomas Hale, “US Banks Eye Europe’s Non-performing Loans,” Financial Times, July 19, 2017.
62. Cindy Li, “China’s Recent Efforts to Deal with Stressed Loans,” Federal Reserve Bank of San Francisco, June 28, 2017.
63. Ryan Tracy, “US Bank Regulators Propose Changes to Capital Rules,” Wall Street Journal, September 27, 2017.
64. “3Q 2017 Middle Market Indicator,” National Center for the Middle Market (press release), accessed on November 16, 2017.
65. JPMorgan Chase & Co. 2017 Investor Day Presentation of the Commercial Banking division, February 28, 2017, https://www.jpmorganchase.com/corporate/investor-relations/document/cb_investor_day_2017.pdf.
66. Glenda Korporaal, “NAB Acts on Simplifying Small Business Contracts,” Australian, October 5, 2017.
67. Eric Platt and Nicole Bullock, “US Company Debt Sales Power Ahead as Borrowing Costs Drop,” Financial Times, September 8, 2017.
68. Martin Arnold, “European Banks to Launch Blockchain Trade Finance Platform,” Financial Times, June 26, 2017.
69. Robin Wigglesworth and Joe Rennison, “Goldman Expands Algorithmic Corporate Bond Trading,” Financial Times, August 16, 2017.

70. Martin Arnold and Laura Noonan, “Robots Enter Investment Banks’ Trading Floors,” *Financial Times*, July 6, 2017.
71. Madison Marriage, “Mifid II Drives US Investment Industry Frantic,” *Financial Times*, August 6, 2017.
72. “Final Report Part Two: A Call to Action,” *Faster Payments Task Force*, July 2017.
73. Stacy Cowley, “Cash Faces a New Challenger in Zelle, a Mobile Banking Service,” *New York Times*, June 12, 2017.
74. Peter Jones, “18 Months on – Impact of the Interchange Fee Regulation on the European Union Cards Market,” *European Payments Council*, June 8, 2017.
75. Ben Steverman, “Credit Card Rewards Are Playing Harder to Get,” *Bloomberg*, August 4, 2017.
76. “Payment Card Use Sees Double-digit Global Growth in 2016,” *Mobile Payments Today*, May 19, 2017.
77. Julia Monti, “Mastercard Welcomes Vocalink as Deal Officially Closes,” *Mastercard press release*, May 2, 2017.
78. Noor Zainab Hussain, “US Card Firm Vantiv Goes Global with \$10 Billion Worldpay Buy,” *Reuters*, July 5, 2017.
79. “Collision or Collaboration: What’s on Your Payments Radar?” *Deloitte*, 10th edition, October 2017.
80. Tanya Andriasyan, “UBS Launches SmartWealth Digital Platform in UK,” *Banking Technology*, March 6, 2017.
81. Gauthier Vincent et al, “The Digital Wealth Manager of the Future,” *Deloitte*, March 2017.
82. Jamie Hopkins, “New Fiduciary Rule for Financial Advisors Moves the Needle, But in Which Direction,” *Forbes*, June 14, 2017.
83. Richard Henderson, “Wealth Managers Play ‘Robo Advisers’ at Their Own Game,” *Wall Street Journal*, March 30, 2017.

- 84.About banks and banking [Electronic resource]: Fed. The law was adopted on 03.02.1996, No. 17 (as amended and added). - Access from the Consultant Plus reference system.
- 85.Vlasenko, M.S. On the work of the bank with clients / M.S. Vlasenko // Money and Credit. - 2007. - № 12. - p. 47-50
- 86.Interest rates and the structure of loans and deposits by maturity for 2014-2016. [Electronic resource] official website / Bank of Russia. - 2017. - Access mode: http://www.cbr.ru/statistics/?PrtId=int_rat (the date of appeal is 04/01/2017).
- 87.Romanov, V. V. A System of Relationships between a Russian Commercial Bank and Customers: Dis. Cand. econ Sciences: 08.00.10. / V. V. Romanov. - Moscow, 2012. - 164c.
- 88.Ezangina I.A. Scientific and technical strategic alliance: the embodiment of the implementation of the principle of "open innovation" // Fundamental research. -2013. -№ 6-4. -C.945-948.
- 89.Yezangina I.A., Shakhbazyan E.M. Microfinance Organizations in Russia: Past Experience, Present, Future Prospects // Economy and Entrepreneurship. 2015. No. 4-1 (57-1). Pp. 854-859.