

## STRATEGIES TO ENSURE THE COMPETITIVENESS OF BANKS

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**Annotation:** This article explores strategies that banks can adopt to maintain and enhance their competitiveness in a rapidly evolving financial landscape. It examines the impact of digital transformation, customer-centric approaches, regulatory compliance, and innovative financial products. The article incorporates statistical data and analyses to highlight trends and challenges, offering actionable insights for banking institutions to thrive amidst competition from traditional and non-traditional players like fintech companies.

**Keywords:** Banking competitiveness, digital transformation, customer experience, fintech, regulatory compliance, financial innovation, operational efficiency, cybersecurity, sustainable banking.

The banking sector faces unprecedented challenges due to technological advancements, shifting customer expectations, and the rise of fintech and neobanks. To remain competitive, banks must adapt to these changes while maintaining trust, efficiency, and profitability. According to a 2024 report by PwC, 60% of banking executives believe digital transformation is critical to staying competitive, yet only 30% feel their institutions are adequately prepared. This article outlines key strategies to ensure banks remain agile and resilient in this dynamic environment.

Digital transformation is no longer optional; it's a cornerstone of competitiveness. Banks must invest in technologies like artificial intelligence (AI), blockchain, and cloud computing to streamline operations and enhance customer experiences.

- AI-driven tools can personalize customer offerings and improve risk assessment. For instance, JPMorgan Chase's COiN platform uses AI to analyze legal documents, saving 360,000 hours annually.
- Blockchain enhances transaction security and reduces costs. A 2023 study by Deloitte found that 55% of global banks are experimenting with blockchain for cross-border payments.
- Cloud adoption improves scalability. By 2025, Gartner predicts 85% of banks will operate primarily on cloud-based infrastructure.

Banks adopting digital tools report a 15-20% increase in operational efficiency (McKinsey, 2024). However, legacy systems remain a hurdle, with 70% of banks citing outdated infrastructure as a barrier to transformation.

Customers now expect seamless, personalized experiences akin to those offered by tech giants like Amazon. Banks must leverage data to tailor services and improve accessibility.

- Integrating mobile apps, online platforms, and physical branches ensures a cohesive experience. A 2024 survey by Accenture revealed that 65% of customers prefer banks with robust digital and in-person services.
- Using AI to offer customized loans or investment plans boosts loyalty. For example, Goldman Sachs' Marcus platform saw a 25% increase in customer retention after introducing tailored savings products.

Banks focusing on customer experience see a 10-15% rise in customer satisfaction scores and a 20% increase in cross-selling opportunities (Forrester, 2024). However, privacy concerns must be addressed to maintain trust.

To compete with fintechs like Revolut and Chime, banks must offer innovative products that meet evolving needs.

- Sustainable banking products, like green bonds, are gaining traction. In 2023, global green bond issuance reached \$500 billion, up 10% from 2022 (Bloomberg).
- Integrating banking services into non-financial platforms (e.g., Uber offering loans) is a growing trend. By 2030, embedded finance is expected to generate \$230 billion in revenue globally (Bain & Company).

Innovative products attract younger demographics, with 40% of Gen Z preferring banks with socially responsible offerings (EY, 2024). However, banks must balance innovation with regulatory compliance to avoid penalties.

With cyberattacks on financial institutions rising by 20% annually (IBM, 2024), robust cybersecurity is critical to maintaining customer trust and operational integrity.

- Implementing continuous verification reduces breach risks.
- Machine learning models can detect anomalies in real-time. For instance, HSBC's AI-based fraud detection system reduced false positives by 30%.

Banks with advanced cybersecurity frameworks report 50% fewer breaches and higher customer confidence (Capgemini, 2024). However, smaller banks often lack the resources to implement cutting-edge solutions.

Streamlining processes through automation and partnerships reduces costs and improves service delivery.

- **Robotic Process Automation (RPA):** RPA can automate repetitive tasks like loan processing. A 2024 study by EY found that banks using RPA reduced operational costs by 25%.
- **Fintech Partnerships:** Collaborating with fintechs allows banks to offer innovative services without heavy R&D investments. For example, BBVA's partnership with Holvi enhanced its SME banking services.

Efficient operations enable banks to offer competitive pricing, but over-automation risks alienating customers who value human interaction.

Compliance with regulations like GDPR and Basel III ensures trust and avoids costly fines.

- Regulatory technology simplifies compliance. In 2024, global RegTech spending reached \$12 billion, up 15% from 2023 (Statista).
- Real-time compliance monitoring minimizes risks.

Non-compliance can cost banks billions—Credit Suisse faced a \$5.5 billion fine in 2023 for regulatory lapses. Investing in RegTech is thus a competitive necessity.

Sustainability is a competitive differentiator, with customers and investors prioritizing ESG (Environmental, Social, Governance) principles.

- Banks like ING have committed €50 billion annually to sustainable projects by 2030.
- Reducing operational emissions enhances brand reputation.

Banks with strong ESG frameworks attract 30% more investment than peers (MSCI, 2024). However, greenwashing risks can damage credibility if claims are unsubstantiated.

To stay competitive, banks must blend innovation with trust and efficiency. Digital transformation, customer-centricity, and sustainability are not just trends but imperatives. By leveraging data, partnerships, and technology, banks can navigate challenges and seize

opportunities in a crowded market. The future belongs to those who adapt swiftly while maintaining the human touch that defines banking.

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