

THE (R)EVOLUTION OF BANKING: DISCUSSIONS AND PROSPECTS

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Key words: *Lifestyle- banking, Behavioral banking, Bank-as-a-service, Open banking, White label banking, Neobanks, Omnichannel banking.*

The banking paradigm is being transformed because users have changed. They need a new model of service: timely, efficient, profitable and effortless. Banks should be prepared to disclose their data to partners (fintech companies, IT developers, retail chains) using standardized and open application programming interfaces (API). They must also be prepared to connect to new industry platforms, where they act as participants rather than owners of experience and customer relationships. Such a comprehensive transformation takes long time and is determined by the bank's risk appetite and readiness to digital business.

There are classification and main relationships between the terms that denote promising areas of modern banking (Lifestyle-banking, Behavioral banking, Bank-as-a-Service, Open banking, Omnichannel banking, White label banking, Neobanks).

It is determined that the concepts of Lifestyle-banking and Behavioral banking are close, but the latter is aimed at the formation of rational financial behavior, which creates a conflict of interests, as financial culture begins to excite the classic bank only when large loan arrears. Omnichannel is an additional characteristic of Lifestyle and Behavioral banks, and all of them are impossible without Open banking. The substructure of Open Banking is the concepts of BaaS and White label banking. To speed up interaction between different stakeholders, Open Banking is based on an API that traditional banks have avoided for security reasons. PSD2 has been introduced as the legal basis for opening bank data of customers with their permission to authorized third-party suppliers.

Trends in rethinking banking: digitization of all elements of the banking business; focus on customer needs; cooperation with fintech companies to stimulate innovations; creation of a standardized structure for exchange of banking data through API; abstraction from the peculiarities of each banking system; development of intuitive banking operations; transition to component architectures or modular structures to facilitate and accelerate the development of new services and channels; increasing the level of consumer protection.

A comparative characterization of what the banking revolution can give to society as a whole and to each client individually, and the risks that we must be aware of, is given. It is determined what modern banks need to do to increase their competitiveness: review their strategic goals and place more emphasis on consumer experience; use the accumulated analytics for individualized customer service, which will increase profitability; develop a clear and flexible management structure that easily adapts to the changing business environment, provides coherence, adaptability, speed and reliability throughout the ecosystem to turn business components into interchangeable and reusable assembly units of processes or services; identify key indicators, regularly measure them and compile reports, structuring business relationships.

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