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THE BANKER OF THE FUTURE: CHARACTERISTICS AND TRENDS

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Abstract: *In the age of technological advancement and ever-changing consumer expectations, banking is undergoing a major metamorphosis. New technologies are mostly related to the digitization of banking activities. As the digitization process deepens, banks will be required to be more agile, to accelerate innovative activity and to focus more on the customer. The basis of these transformations is the labor force employed in the banking sector. The process of implementing new information technologies required new specialties for employees of banking institutions. This article examines the essential roles and skill sets of the future in banking. Likewise, modern trends in the digitalization of banking were examined. To perfect this article, the futurological visions of banking experts placed in open access were examined. The purpose of this publication is to present the basic trends of the professional transformation of the banking worker and the banking industry in general in the horizon up to the year 2030.*

Keywords: banker, bank, technology

1. Introduction

In order to be successful in the future, a banking institution will need to embrace emerging technologies, including Artificial Intelligence (AI), remain flexible to adopt evolving business models and place customers at the center of every strategy [1]. Deloitte specialists state: "The future of banking will look very different from today. Faced with changing consumer technologies and new business models, banks will need to start implementing strategies now to help them prepare for banking in 2030" [1].

In relation to the manifestation of the basic trends in the development of the banking industry, the experts from McKinsey & Company have the following vision: "In the next era, banks can perform again to compete in new arenas, organized around the distinct needs of customers. These arenas will expand far beyond the current definition of financial services and will also be hotly contested by a wide range of tech giants, tech start-ups and other non-bank institutions. But this daunting reorganization, or breakup, could also offer banks a huge opportunity: higher margins, new revenue streams and higher valuations" [5].

2. Visions of the Future Banker

In relation to the technological transformations in the banking industry some specialists say: "Banks are working more with fintech (financial technology) companies. It's about using new technologies to improve banking. Jobs like data analysts, blockchain developers and AI specialists are essential. People who know both traditional banking and new technologies will be critical in the future"

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[6]. The information age came with the demand for new specialties in the banking sphere [7]:

1. Digital Product Manager. It is in demand with the emergence of customer-centric solutions. As customers demand digital experiences, the role of the digital product manager becomes important. This specialty requires a complex of technical skills, UX/UI knowledge and a deep understanding of customer behavior. According to a Deloitte survey, over 85% of bank respondents believe that digital transformations will fundamentally change the way services are delivered.

2. Data Scientist & Analyst turn data into value. In the era of Big Data, customer information along with fraud detection is very important for the banking industry. Analysts are basic extractors of meaningful patterns. McKinsey reports that harnessing big data can lead to a possible 20% increase in profit margins for banks.

3. Blockchain developer. With the acceptance of cryptocurrencies and the implementation of broader applications of blockchain technology, the need for experts in this field is increasing. The World Economic Forum predicts that by 2027, 10% of global GDP will be stored on blockchain platforms.

4. The RegTech specialist is responsible for navigating the regulatory area. During the evolution of financial regulations, RegTech specialists will play an important role in ensuring compliance while capitalizing on technology. Juniper Research estimates that financial allocations for RegTech may reach up to $115 billion by 2025.

5. Cyber Security Expert. As digital transactions increase, protecting sensitive financial data from breaches becomes paramount. Cyber security experts equipped with advanced IT skills will be a kind of digital sentinels. It is noted that the cost of cybercrime to the global economy has exceeded $600 billion annually, according to the Center for Strategic and International Studies.

Furthermore, the digital age will require the following important skills [7]:

- Digital education, which provides a deep understanding of digital tools and platforms;
- Adaptability, i.e. the ability to pivot according to industry requirements;
- Interpersonal skills, human connection and the ability to work collaboratively being essential;
- Critical thinking, which will be applied to navigating the complex challenges of the future banking world, applying sharp analytical skills and strategic foresight.

3. The Futurological Conceptions of Banking Activity

Regarding the application of new technologies to ensure the development of the banking industry, experts from McKinsey & Company are of the following opinion: “Banking is facing a future marked by fundamental restructuring. But we also believe that banks that successfully manage this transition will become bigger and more profitable and grow faster, while leading to a value creation opportunity of up to $20 trillion” [5].

In author Shakhawat Hossain's view, the future of the banking industry is tied to the realization of the following trends [4]:

1. The rise of Central Bank Digital Currencies (CBDC) represents a paradigm shift in the banking sector capable of reshaping the traditional banking structure. The massive replacement of cash by credit and debit cards and the fact that CBDCs have essentially become digital versions of national currencies could lead to the eventual elimination of physical cash. This transition leads to direct interaction of individuals with the Central Bank, bypassing commercial banks. This change gives higher control over monetary policy, privacy concerns arise as digital currencies are easy to track.

2. Promoting human-less banking activity through the implementation of artificial intelligence and robotics. Banking without

a human presence may soon become a reality thanks to advances in artificial intelligence and robotics. China Construction Bank recently launched a branch operated entirely by humanoid robots. The future of banking involves customers interacting with integrated technologies, from loan applications processed by AI-powered robots to automated fund transfers.

3. The opportunity to run everything from a single platform through the emergence of super financial applications. FinTech has unbundled financial services, leading to a demand for platforms that aggregate financial information. This trend has spawned financial super-apps – integrated ecosystems where users can access a wide range of financial services from a single platform. An example could be a WeChat for financial services, where users can manage investments, transfer money and manage all their banking needs in one unified hub.

4. Traditional banks are embracing technology to offer hyper-personalized products and services. Banks are embracing artificial intelligence and data science to better understand customer preferences. An example is Bank of Ireland's initiative to become the 'Netflix of Banking', tailoring recommendations based on customer data. The concept of treating a financial institution like a close friend is becoming more and more achievable.

5. Using handheld devices as future payment tools. The convenience of payments is forecast to increase with the integration of wearable smart devices. Around 60% of financial organizations are expected to standardize on wearable devices as a payment method by 2030. Smart watches, smart glasses, wristbands and rings are emerging as potential payment tools. With companies like Google integrating payment capabilities into smartwatches and startups developing rings with contactless payment options.

Some experts outline five data trends shaping the future of banking [3]:

1. Creating the right digital operating models for the modern customer experience.

For bank offerings to remain relevant to tech-savvy consumers, banking institutions must focus on digital customer experiences and how people access and experience their products and services. The agility that new technologies bring also enables banks to quickly launch new products and services, expand customer contact, make business processes more efficient and improve connectivity with ecosystem partners.

For example, Open Banking protocols enable the exchange of data (with customer permission) between ecosystem participants to generate greater value, benefits and innovative offers for the customer.

Banks must also ensure easier and better data integration, more efficient processes, faster response times and the creation of “plug & play” platforms”.

2. Data protection against cyber attacks as a top priority.

Modern banks will continue to prioritize cyber security, recognizing that any breach can have a significant negative impact on their reputation and, by extension, their bottom line. The penalties associated with not securing the data entrusted to them as they develop their business models are too great for banks to accept this issue lightly. Banks will therefore continue to invest heavily to protect themselves against cyber-attacks, data breaches and financial crime.

This activity is linked to the deepening collaboration with financial technology companies to optimize payments, underwriting and application development. Some banks even offer banking services as fintech services.

It is also important that banks have the appropriate cyber security controls in place to protect themselves and their customers' data when partnering with less regulated companies. Also, fin techs looking to partner with banking institutions must

prepare for the banks' complex regulatory, cyber security and risk management obligations.

3. Develop sophisticated and secure identity management.

Banking communities in many countries are making efforts to launch new digital platforms, for the efficiency of which digital identity management is the key.

As an example, Western Union (WU)'s integration of Mambu into its new digital banking platform gives WU full control to implement new banking products and services that are easy to configure and integrate with external applications. In a single mobile app, customers can now open an account in minutes, which is seen as a move to transform the transactional relationships WU has with its customers into closer connections.

4. Data will be at the heart of proving the effectiveness of sustainability investments.

The opportunities and risks associated with the environment, social and governance (Environmental, social and governance, ESG) are becoming more and more relevant for banking institutions. Banks are concerned not only with their own ESG footprint, but also with the ESG risks and opportunities they are exposed to as a lender. This is coupled with a steady stream of new regulations that bring banks extensive compliance and horizon-scanning challenges [2].

Currently, many banks are creating ecosystems, which bring together a spectrum of relevant organizations, including ESG specialists on public and private finance providers. These platforms can provide and exchange the data needed to monitor progress and create innovation.

Demonstrating the impact of banks' contribution to such activities depends on the ability to monitor, track, report and (therefore) adjust their initiatives for maximum effect. This can only be achieved with data: banks will invest in the right tools, processes and reporting environments to effectively manage the impact of their ESG investments.

5. Revival of employment practices of bank workers.

There are several scenarios that influence staffing needs:

• Increasing dependence on information technologies;

• Transition to businesses based on data-driven platforms;

• Shifting focus from shareholder relations to stakeholder relations;

• Renewed emphasis on goal-oriented strategies.

Given such a wide range of issues affecting the day-to-day operations of the banking institution, adequate staffing is both important and nuanced and requires upskilling of existing staff and hiring to cover skills gaps and service growth areas.

Likewise, it is important to take into account the expectations of the people who are employed. Younger workers work and communicate very differently to those who are used to traditional banking. To attract and retain the best talent, banks need to invest in practices and technologies that speak to this audience and mirror the digital offerings they offer to customers. Data gathered through the hiring process and employee surveys will ensure banks are on the right track.

Other specialists see the following trends in the development of banking activity until 2030 [1]:

• Cyber risk and financial crime.

Financial crime is transforming as criminals adopt innovative ways to commit crimes. In addition, regulators continue to tighten the compliance regime and criminal penalties. Traditional and private prevention methods no longer protect consumers from complex and sophisticated financial crimes, and this reputational damage can seriously compromise banking institutions. Banks must deploy advanced technologies such as analytics and artificial intelligence in order to improve threat visibility and uncover fraud.

• Data integrity and analysis

Although data is in large volume, it is often not easily accessible, sufficiently clean or integrated. Also, opening customer transaction data to third parties can have profound effects on traditional banking, requiring banks to make strategic choices regarding business model impact and customer retention.

• Digital and emerging technologies

New technologies are changing the banking and capital markets industry in the front, middle and back office. AI and automation are proving to be valuable in different ways. Blockchain has driven innovation throughout business and will continue to do so. The cloud is changing the industry and has implications we haven't experienced.

• Promoting digitization

Digital transformation, today's imperative, but for banks it can be important to succeed in a changing business environment. While many banks are experimenting in the digital realm, most have yet to make consistent moves toward a full, technology-driven transformation. Technology will continue to be the driving force behind business growth and the delivery of a wide range of customer services.

• Enterprise agility

The accelerated pace of the technological innovation process has generated new business models. Today's competitive advantage does not come from the fact that a bank is big, but from its ability to be fast and agile. Banks must embrace change and harness the power of digital forces to innovate.

• The future of work in banking

Automation and artificial intelligence are replacing human thinking and prompting banking institutions to rethink their talent landscape and the skills needed to stay ahead of the market. Also, trends like the spread of the gig economy and crowdsourcing are changing the way work is performed.

• Platform usage and data monetization

Banking institutions are looking for ways to improve the experience of their customers, and as the year 2030 approaches, the problem becomes more complicated. Banks will have to decide how they want to use the platforms and the data collected from them in order to grow.

4. Conclusions

In the information age, the development of the banking sector is determined by advances in technology, which has become an important factor in the ongoing changes. In large part, the transformation of banking is taking place on the basis of artificial intelligence, the implementation of financial super-apps, personalized services and payments on mobile devices. The degree to which banks adapt to these technological advances will determine their success in the future of banking.

Banks must seize the opportunity to securely digitize their operations, thereby improving offerings and attracting the next generation of bank depositors.

From creating seamless digital experiences for customers, to securing their identity, investing effectively in ESG initiatives and ensuring staffing needs are met, the success of banks in the coming years depends on their usage of data.

Technological transformations in banking require the selection and training of a new generation of bank workers who have the necessary knowledge, skills and abilities, as well as critical thinking to provide a qualitatively new service to customers.

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