

Section: Banking management

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BENCHMARKING TECHNOLOGY IN THE MANAGEMENT OF BUSINESS PROCESSES IN A COMMERCIAL BANK

The banking sector that is in current market conditions has various ways of development. It also possesses its own promotion in the market depending on the influence of internal and external factors especially under conditions of the financial crisis. The importance of such situations has a huge impact on banking institutions. It happens as such things as their competitive performance, liquidity and ability to offset risks in short as well as in long terms directly depend on such situations.

It is the development of new strategic tasks for the successful development of the company which is a requirement for the organic existence of any enterprise at the present stage. Commercial banks are also beginning to develop various goals and tasks in this area actively. These goals and tasks are also interrelated with the use of the credit institution marketing system.

Taking into account the peculiarities of the Russian financial market, it should be noted that this area is relatively young in comparison with foreign financial markets where there are large players who are serious competitors for homeland banking organizations. Therefore, one of the most popular methods for finding various ways to increase the banks effectiveness is to follow and borrow operating methods from the large representatives of this branch in the financial market [5, p. 17].

One of the most innovative and frontmost methods is benchmarking. This method allows to improve the quality of banking services as the enterprise practices are constantly measured and compared evaluating the results of the company. Benchmarking takes into account the analysis of all processes and functions within the organization by accumulating the necessary information to determine the most effective way to improve the work of the company increasing its competitiveness.

The peculiarity of benchmarking is the application of the leading companies comparison method as they are the benchmark for the company that uses this approach. Benchmarking helps to define the causes of certain maladjustment and weak points in the company's activities in comparison with a counterpart. The analysis of the work of own organization is made on the basis of benchmarking (special attention is paid to analyzing business processes in the banking sector).

The main objective of this approach is to find new ways associated with breakthrough financial technologies on the basis of which banking institutions are testing their promising business models to obtain accurate results related to improving the effectiveness of some areas in the financial sector.

Thus, the use of benchmarking gave rise to the creation of the "sandboxmodel" tool or in other words, the sandbox mode, which is a special platform for testing new types of banking services for various segments of the target audience. The task of the sandbox mode is the study of key FinTech trends, for example [4, p. 105]:

- Exercise of Cloud technologies
- Open Interfaces
- Biometric data of bank customers
- Using blockchain technology
- The development of digital intelligence
- Mobile Banking

Due to the diversity of the above trends it becomes possible to define the overall tendency of homeland banking organizations following the leading enterprises in this field in foreign markets, thus determining how much the homeland banking services sector adheres to the benchmarking procedure.

We present the statistical data of the invested funds for the introduction of cloud technologies in the banking sector of the Russian Federation for the period from 2011 to 2015. [1, p. 376]

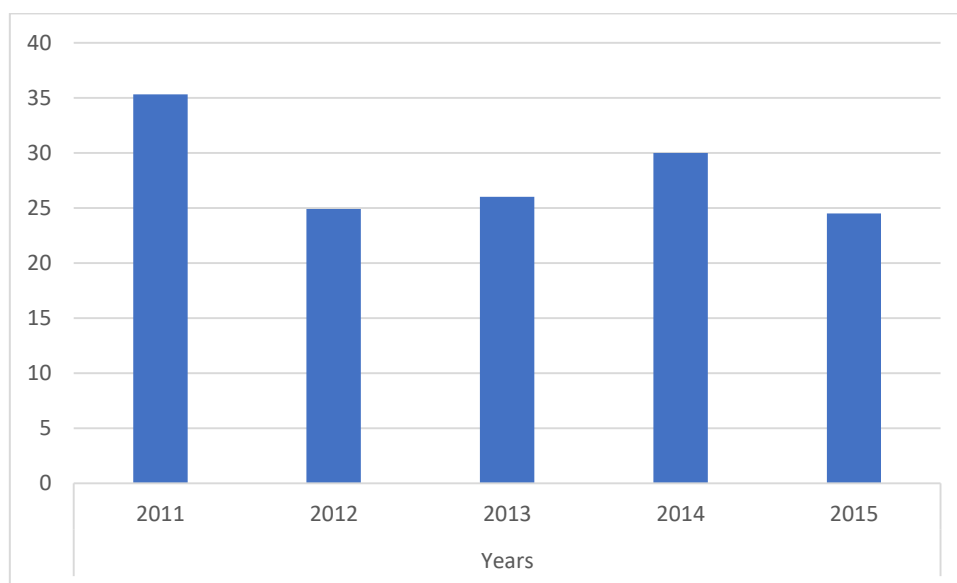


Fig. 1. Change in the appropriation of funds invested for the introduction of information technologies among the top 10 banks of the Russian Federation

According to Figure 1, it should be concluded that there is a relative stability in expenses on information technologies among the major players in the country's financial market where the highest indicator is in 2011 at 35.3%. The observed situation is related to the fact that banking organizations are interested in applying innovations and following new technologies appearing in the world's banking services market, but there is also a risky situation when banking organizations do not intend to increase the share of their own funds for the introduction of new technologies and this may lead to the lag of the homeland banking sector from a foreign one.

We should also analyze the current global trends connected with the exercise of cloud technologies. This is primarily due to the automation and acceleration of many business processes that exist within the banking management system. By using this type of technology it is possible to improve financial performance and leave behind direct competitors on the international level in the long run.

Let us consider the development trend of the cloud technologies market in more detail (Cloud computing) from 2008 to 2020 taking into account the forecast [2].

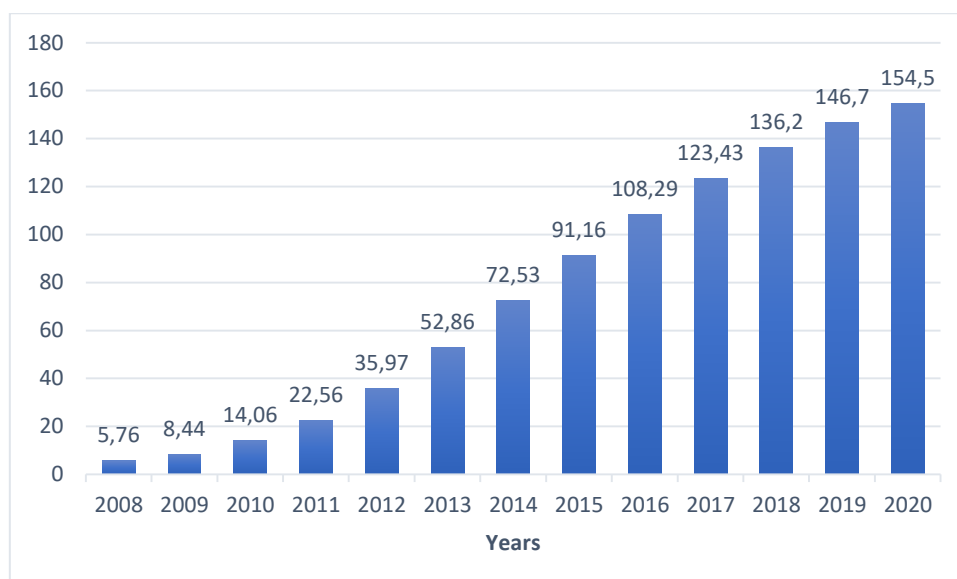


Fig. 2. The forecast of growth of the world's cloud technologies market from 2008 to 2020 in billions of dollars

The presented graph shows the rapid growth of cloud computing technologies around the world, where the growth rate is projected for 12 years to be 2682.3% by 2020. A sharp jump in the increase in the volume of this market confirms the progressive character in the race for the application of innovations in many sectors of the economy including the banking sector.

Comparing the data of Figures 1 and 2, it is clear that Russian banks are not aimed at increasing the budgets for information technology at a rapid pace. This is the risk of losing positions in the international financial market when

other players have the opportunity to take advantage of innovative solutions and reach new levels of development. This assumption confirms the forecast of the growth of the cloud technology market which is rapidly increasing. Therefore, the application of benchmarking approach will be the most important decision for homeland banks finding new ways of development by comparing their own organizations with others.

It is worth noting that Russian banks have sufficient potential for the development of remote service channels since many countries still have a significant share of customers who prefer to use traditional methods. The introduction of cloud technologies, online banking applications and the development of digital intelligence in the homeland financial market can set the reverse system for using benchmarking where foreign banking organizations will use this method.

Let us consider the shares of customers who prefer to use the traditional or digital service in the bank in 2017 in more detail [3, p. 6].

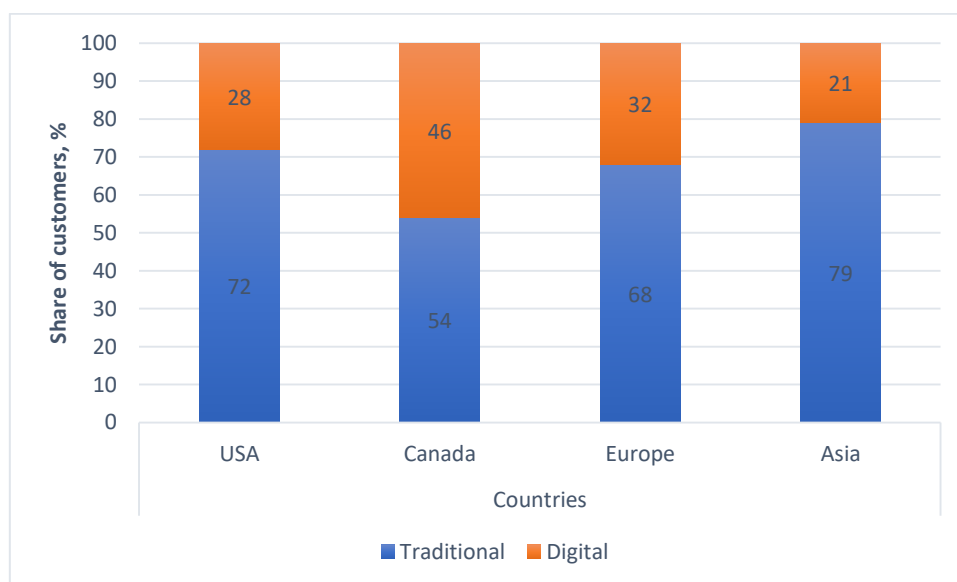


Fig. 3. Shares of customers who prefer to use the digital bank to the traditional one 2017

According to the chart’s data it should be noted the predominance of the traditional type of use of banking services where Asian countries have the greatest value – 79%. Canada has the most equal positions of choice among

customers with the largest share of customers who prefer digital banking technologies – 46%. We should also pay attention to the European segment, where traditional service is dominated.

The current situation points to great opportunities for the use of digital technologies in the nearest future when the process of integrating banking clients into the information technology system will only grow. This development of the situation will cause a race among banking structures, and the use of benchmarking will be the main method for studying the potential capabilities of individual banks. For a more detailed study of the methodology let us consider the main elements of its structure:

- Competitor analysis;
- Analysis of the target audience of competing banks;
- Constant monitoring of the financial condition of banking institutions;
- Information accumulation in the banking services market;
- Audit for quality of customers service and their preferences;
- Staff current competencies level analysis and analysis of their professional skills;
- Information accumulation and analysis on new technologies in the international financial market;
- Development of basic ways to promote banking services and the application of innovations;
- Development of a marketing strategy in accordance with the bank objectives.

In addition to the benchmarking structure there is also an effective SWOT-analysis method. The matrix of this method helps to determine the strengths and the weaknesses of the organization taking into account its potential capabilities and threats. It is worth noting that an upgraded version of the SWOT-model created by Professor Heinz Weihrich in 1982 is also becoming

more and more popular. A new type of model is built on the basis of pre-formed lists of external factors with internal strengths and weaknesses of the organization.

Besides the matrix constructed on the basis of the previous method, in a comparative analysis of benchmarking objects the CAMEL (S) system is used. This system is often used in the banking sector among various rating agencies for evaluating individual banking organizations [4, p. 105].

Summing up the ideas expressed in the article it is worth noting that the use of benchmarking is not widespread on the territory of the Russian Federation. For successful promotion of benchmarking it is necessary to take into account the peculiarities of banking organizations that are able to slow down the application of the method in question. The main reason is budget limitations that have direct influence on the introduction of innovations into the enterprise structure, thereby determining its ability to be competitive in the banking services market maintaining financial performance within the industry standard.

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