

# Directions for Developing Digital Banking Using Marketing Tools



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**Abstract** The relevance of the research is confirmed by the global role of digitization, which has currently encompassed all sectors of the economy and is primarily associated with the development of information technologies. Introducing new digital technologies has not bypassed the banking sector, where there is always a high concentration of competition for major banking products. The authors overview the measures of modernization taken by banks in the Russian Federation involved in the processes of the overall digitization of the banking market. Special attention is focused on digital banking, which provides full access to basic banking products, the development and implementation of functional websites, the use of technologies in the activities of credit institutions, etc. The authors provide information on the increased attention from clients who have more “successful” digital innovations, leading to convenient use of the bank’s information ecosystem. The most demanded information technologies for banks are highlighted and characterized. The main advantages and disadvantages of banks transitioning into the information space are analyzed. The study of the effectiveness of digital banking allowed the authors to identify promising directions for developing digital banking with the application of marketing in the information space. It is important to note that the most successful transformations in the digital space turn ideas into detailed business plans with measurable and time-bound indicators to track results. Ultimately, these

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business plans should lead to profit creation, cost savings, growth opportunities, and other improvements.

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**JEL codes** M31 · G21 · F63 · J15 · J61 · O15

## 1 Introduction

The unstable business environment continues to pose challenges to organizations, regardless of their size, industry, or geography. Just a few common trends speak for themselves: new players in the digital technology market are capturing market share in all industries; ecosystem strategies are gaining momentum, and companies committed to environmental, social, and governance criteria are becoming increasingly attractive to customers and investors.

An examination of the development features of the banking sector shows that uncertain times require banks to pursue growth while addressing shortcomings persistently. Successful banks are transforming their business into a digital environment to adapt to the times. Beyond cost-cutting or upgrading core business, banks need to rethink their entire organizational operations. This means improving financial performance and focusing on customer needs, employee satisfaction, and positive societal impact.

The research aims to identify the key conditions for the functioning of digital banking in the current stage of Russia's economic development and determine possible prospects for its development, assessing the effectiveness of implementation.

The research objectives are (1) to analyze the level of digital development of leading banks in Russia over time; (2) to identify trends in the digitization of credit organizations in the future; (3) to determine the directions for developing digital banking using marketing in the information space.

## 2 Methodology

The theoretical framework of this research is reflected in scientific works on the issues of banking in the context of digitalization (Buryak et al., 2023; Bykanova, 2023). The methodological basis involves the analysis of time series, providing a characteristic of the banking market in the conditions of digitalization (Fliginskih et al., 2020; Vaganova et al., 2023). Statistical data from the Central Bank of the Russian Federation were used as the information basis. To study the problems of the development of digital banking business, the authors used the information resource TAdviser. The authors who study the issues of digital banking note the period's

complexity and emphasize the need for new investments in the banking sector, as well as the improvement of technologies and technological processes.

In writing the research, the authors employed empirical-theoretical research methods, including analysis, analogy, comparison, and induction. Based on the obtained data, the authors identified and analyzed problems, proposed solutions to them, and made final conclusions.

### 3 Results

Digital banking is the organization of banking activities through the application of various information technologies, which, on the one hand, facilitate the internal work of the bank and, on the other hand, allow customers to enter the banking ecosystem using digital tools (Doczilla, 2021).

In recent years, the banking sector of the Russian economy has undergone a series of modernization changes, leading to the emergence of Internet banking and mobile banking. Currently, mobile banking technologies are being optimized and rapidly developing. There is a dynamic process of changing the functionality of banks: the process of personally visiting banks to address banking issues has been suspended. With the advent of digital technologies in the banking sector, top managers have taken on several responsibilities, including monitoring the emergence of new digital services in the market, attracting new customers, and creating new ideas and services.

The analysis of the rating of mobile banks in the Russian Federation for 2020–2022 indicates that banks understand the need for transformation and rethinking of their business. Many are unsure of where to start and whether the efforts they have already started will create the value they aim for. The ranking of the best mobile banks for 2020–2022 is presented in Table 1.

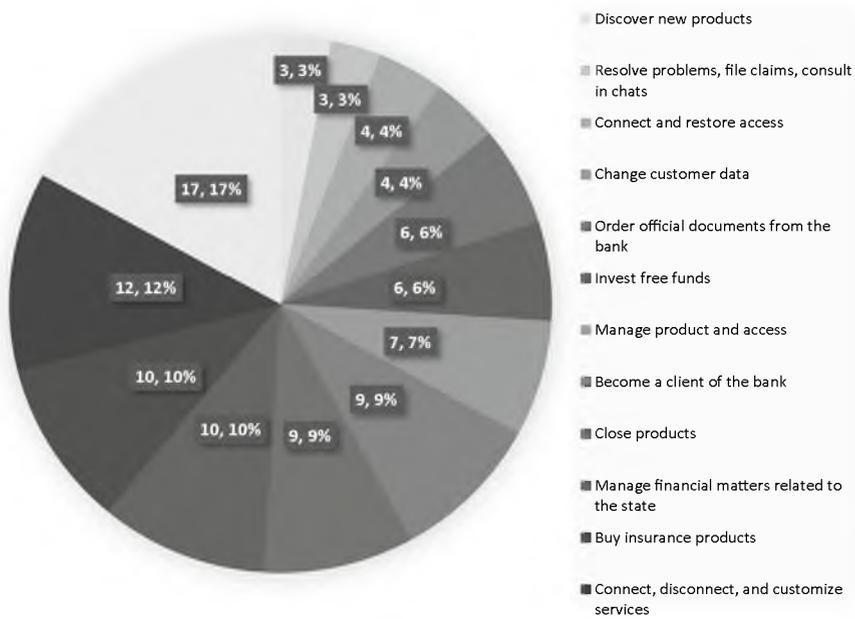
The presented ranking of the best mobile banks for 2020–2022 demonstrates the consistently leading positions of Alfa Bank and some instability in banks such as Tinkoff Bank, Home Credit Bank, Ak Bars Bank, and Promsvyazbank (PSB). The level of leadership among mobile banks is not directly related to customer demands, which analysts and researchers of digital banking (Globus IT, 2021, 2022) have categorized into blocks of user tasks presented in Fig. 1.

**Table 1** Ranking of the best mobile banks for 2020–2022

Place	2020		2021		2022	
	Bank name	Rating, %	Bank name	Rating, %	Bank name	Rating, %
1	Alfa Bank	76.6	Alfa Bank	84.3	Alfa Bank	87.4
2	Tinkoff Bank	68	Ak Bars Bank	80	PSB	78.7
3	Home Credit Bank	63.7	Tinkoff Bank	72	Tinkoff Bank	76

Source Compiled by the authors based on (Globus IT, 2022)

**Block allocation**



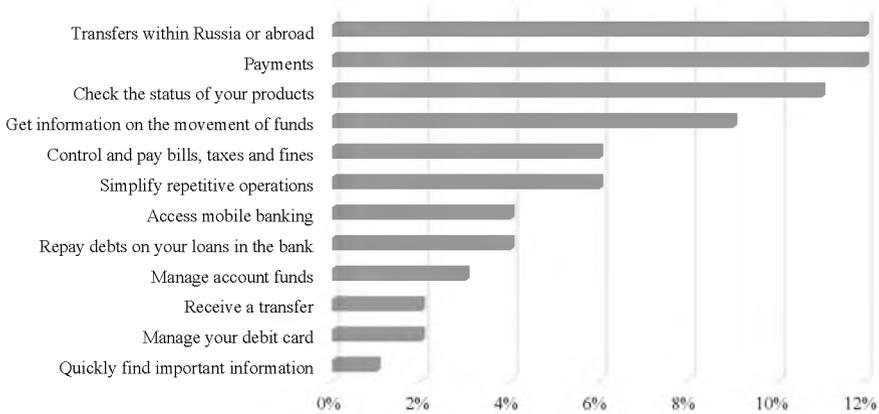
**Fig. 1** Distribution of percentages by block of user tasks of mobile banking customers for 2020. *Source* Compiled by the authors based on (Globus IT, 2021)

Each percentage indicates the task’s importance (i.e., how much it is in demand among users). The final score shows to what extent a mobile application can replace a customer’s visit to the bank in person. The research was conducted based on Android users. Alfa Bank became the leader in digital banking, implementing most scenarios presented in the blocks of user banking tasks (Markswebb, 2022).

Tinkoff Bank did not fulfill commitments on three criteria. There was no possibility to reissue a plastic card in a digital version. The bank’s mobile application had no function to manage investment products. There was a limitation in the ability to configure SMS or Push notifications.

Home Credit Bank introduced many useful features in 2020, including card closure, data change with the option to attach a passport photo, and payment of insurance products through Apple Pay. However, they failed to implement the ability to close a deposit and implement investment opportunities for free funds.

Banks like “MKB,” “Otkritie,” and “Sberbank” did not enter the top three because they implemented functions that were already used by the top leaders only in 2020. These banks lack a convenient product management system, a convenient registration system in the mobile bank, and the ability to open a product by non-bank customers.



**Fig. 2** Blocks of daily banking tasks of mobile banking customers in 2021, %. *Source* Compiled by the authors based on (Markswebb, 2021)

The rating of the best mobile banks for 2021 should be considered based on the Daily Banking research (Markswebb, 2021). This research identified the tasks, the solution of which should require a minimum of actions (Fig. 2).

In 2021, banks focused on improving UX scenarios to make them convenient and accessible. There is an enhancement in the quality of customer experience: payment for goods via QR codes, checking balances and settings for product lists on the main screen, catalog search, regular payments, and more. The significant changes include the possibility to manage PIN codes, block cards, and link cards from other banks.

The main trends in daily money management include the following:

1. Voice control. Most online banking customers do not understand the value of voice assistants—there is a security risk. Although this system performs its tasks, it requires optimization in almost all online banks where available;
2. Simplifying cross-border transfers;
3. New opportunities for contactless payments (Faster Payments System; SBP): “Contactless payments will gradually replace money transfer systems and card payments. The focus is on increasing convenience and simplification, including displaying limits and me2me transfers” (Globus IT, 2021).

In 2022, changes in the marketing activities of the banking sector were driven by numerous sanctions affecting most banks in Russia, currency exchange rate volatility, and fluctuations in the key interest rate. Nevertheless, digital offices with a high degree of automation identify three main tasks for 2022: early loan repayment, closure of deposits, and card cancellation without visiting the office. There is a trend among banks to simplify access to applications using different identifiers, utilizing card recognition, and requesting minimal customer information.

Most mobile banks actively develop new digital products and ways to manage them, leading to increased digitization of credit cards. The mobile banking market has embraced the possibility of registering as self-employed.

The purchase of securities and insurance has become a new advantage. There has been an improvement in the insurance area of mobile banks, focusing development on hull insurance (KASKO) and Compulsory Motor third-party liability (OSAGO).

In 2022, a significant tool in digital banking will be the ability to use social media platforms to promote banking products and expand the customer base. Currently, a bank's presence on social media affects its reputation. The content reaching customers reflects the bank's scale, providing a convenient system for obtaining customer reviews and feedback.

Given the sanctions restricting the activities of banks in Russia, the main task is ensuring the stability of systems and the reliable accessibility of mobile banks. Mobile banks serve as a crucial communication channel with customers for credit organizations, forming the basis for their development.

Another essential condition for the rational functioning of digital banking in the current stage of the banking system's development is the proper selection of information technologies. These technologies should ensure successful operations in attracting new customers, increasing banking profits, and maintaining overall competitiveness in the banking industry.

To assess the effectiveness of digital banking at present, it is necessary to consider the key advantages of banks transitioning to the information space:

- Digital banking allows banks to increase their potential customer base through informational advertising and the convenience of using mobile banking applications;
- Emergence of conveniently structured information on the bank's websites and in the application;
- Savings through the use of information technology.

The disadvantages are as follows:

- Increase in the number of fraudsters in the information space;
- Increase in the bank's investments in information technologies rather than in the development of its products;
- The necessity for all users to install special software.

Digital banking in commercial banks in Russia still lags behind developed countries. However, with each passing year and the improvement of information technologies, there is progress in the internal and external information ecosystem of the banking sector. Therefore, it is crucial to consider the prospects of digitalization in banks, specifically the following goals that Russian banks should achieve through the application of digital banking tools:

- Developing a digital platform in Internet banking;
- Creating a seamless and maximally personalized customer journey through unifying elements and applications;
- Creating paperless operation of the bank (i.e., full transition to the information space);
- Active implementation of the corporate IoT system;

- Development of ESG banking.

Many banks are applying the methods of digital banking to achieve broader strategic objectives, including the following:

- Increased profitability due to ESG;
- Major M&A and portfolio changes due to ecosystem development;
- Increased prioritization of banking product diversity principles to improve bank performance.

## 4 Conclusion

It is necessary to note that digitization in commercial banks has become an essential part of their core activities because it represents a promising direction in today's conditions. Each year, an increasing number of banking organizations undergo comprehensive digitization, affecting their internal and external structures. For further modernization of banking operations, it is crucial to increase the application of IT technologies in banking marketing. The use of digital technologies is a vital condition for banks to achieve high profitability, retain and grow the number of loyal customers, and maintain overall competitiveness in the domestic market. Successful transformations encompass a wide range of banking opportunities to generate profit, with some transformations focused on specific topics (such as transforming the workforce to implement flexible working methods). Almost all modifications in banking operations are digital transformations in digital banking, requiring new investments in technologies and technological processes.

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