
Editorial

Banks at the crossroads of transformation

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Banks are the backbone of a nation's financial system, playing a crucial role in ensuring financial stability, driving economic growth, and supporting entrepreneurship^[1]. However, the rapidly changing and turbulent nature of the world poses significant challenges to banking systems^[2]. The pandemic has further intensified these challenges, forcing banks to rapidly adapt through digital transformation^[3] and the utilization of artificial intelligence (AI) to enhance the customer experience^[4]. This editorial delves into the importance of banks, the impact of the pandemic, the transformative potential of digital transformation and AI, and the challenges faced by banks in this evolving landscape.

Banks serve as custodians of financial stability, efficiently allocating capital and fostering investor confidence^[5]. Acting as intermediaries between savers and borrowers^[6], they facilitate economic development and growth^[7]. However, the uncertain global economic landscape requires banks to navigate various obstacles to ensure the resilience and stability of the financial system^[8].

The pandemic has brought about seismic shifts in customer behavior and expectations^[9], presenting unprecedented challenges to banks. With physical branch closures, social distancing measures, and remote working arrangements, traditional banking practices have been disrupted^[10]. Banks have responded by accelerating their digital transformation efforts, offering seamless services and remote customer support.

Digital transformation therefore, has become essential for banks to enhance the customer experience. Digital channels have become the primary avenue of engagement, enabling fast, frictionless, and personalized experiences^[11]. While successful digital transformation requires overcoming challenges such as infrastructure upgrades and cybersecurity risks^[12], banks have recognized the importance of seamless integration across channels to deliver a holistic customer experience.

In addition to digital transformation, collaboration with fintech start-ups has become imperative for banks seeking to enhance the customer experience and tap into innovative solutions^[13]. Fintech companies, with their agility and technological expertise, bring forth disruptive ideas and novel approaches that complement the traditional banking offerings^[14]. By partnering with fintech start-ups, banks can leverage their specialized capabilities in areas such as mobile banking, payment systems, and robo-advisory services, thereby delivering enhanced value and personalized experiences to their customers^[15].

Digital transformation and fintech integration are further powered by the advent of AI technologies. AI-powered solutions, including chatbots and virtual assistants, have revolutionized customer support and engagement in the banking sector^[16]. Through natural language processing and machine learning algorithms, banks can provide prompt and accurate responses to customer inquiries, automate routine tasks^[17], and eventually gain valuable insights into customer behavior and preferences.

While the integration of fintech and AI presents tremendous opportunities, banks and fintech start-ups face challenges in harnessing their full potential^[18]. Banks must navigate regulatory frameworks, address data privacy and security concerns, and ensure compliance while collaborating with fintech companies^[19]. Fintech start-ups, on the other hand, must establish trust with customers and overcome barriers to entry, such as limited resources and brand recognition^[20].

In the pursuit of maintaining financial stability, driving economic development, and meeting evolving customer expectations, banks and fintech start-ups must strike a delicate balance between collaboration and

competition. By embracing digital transformation, fostering collaboration with fintech companies, and leveraging AI, banks can effectively navigate the challenges presented by the evolving landscape and provide seamless customer experiences. This collaboration also creates opportunities for fintech start-ups to scale their operations, gain access to a wider customer base, and drive innovation in the banking sector.

To conclude, the future of banks lies in their ability to foster collaborative ecosystems, leverage emerging technologies, and deliver customer-centric solutions. Banks need to unlock new opportunities, revolutionize the customer experience, and shape the financial landscape of tomorrow. In the post-pandemic era, the synergy between banks, fintech start-ups, and AI will be the catalyst for innovation, driving sustainable growth and ushering in a new era of banking excellence.

Conflict of interest

The authors declare no conflict of interest.

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