

Editorial

Banking systems are facing challenging times ahead: What does the future hold for banks in the foreseeable future?*Katerina Fotova Čiković**University North, 48000 Koprivnica, Croatia; kcikovic@unin.hr*

The past few years have been unprecedented and have impacted the transformation of peoples' lives, businesses and the world of finance altogether. Namely, after the breakthrough of COVID-19 in early 2020, the world has immensely changed and will never be the same. In the aftermath of the COVID-19 pandemic, in the period from 2021 to 2023, a global energy crisis occurred. It was characterized by increased prices in oil, gas and electricity markets. If that weren't enough, the war in Ukraine occurred in early 2022, which ultimately led to a massive inflation rate increase in Europe and throughout the world. The global inflation rate is forecast to slow down and moderate in 2024, however, further crises are expected since Ukraine has been thus far one of the greatest exporters of wheat worldwide^[1]. So, the macroeconomic uncertainty represents a major challenge in the banking industry.

The digitalization and digital transformation of businesses as well as of the banking industries throughout the world is not to be underestimated. Namely, entrepreneurs and bank management see the digital transformation trends as a possibility to unlock new value for all of the important stakeholders, especially customers, employees and shareholders^[2].

However, there are many challenges and opportunities on many fronts for the global banking industry as follows. The global market has dramatically changed in the past five years, as the new generation (Gen Z) entered the labour market, and thus, became an equal and active participant in the customer base as well. Therefore, banks will have to adapt and take into consideration the expectations and needs of the Gen Z participants as well. As this generation is digitally very savvy, they expect smart banking solutions, easy and convenient communication with banks and transparent operations. Moreover, they expect excellent and customer-oriented solutions for mobile banking. Notwithstanding, it is crucial to address this shift and a major change in the structure of the global workforce, since the recruitment and retention of employees is also one of banks' future challenges. Secondly, banks are experiencing increasing competition pressure from the blockchain (Fintech) technology in the digital banking space, as the rise and expansion of cryptocurrencies occurred. This, however, opens new challenges and regulatory issues that need to be looked into as well as the cybersecurity and fraud prevention in digital banking, the security of blockchain technologies and the ever-rising regulatory and legal issues. Third, the adoption and increased application of AI in many different industries open many new possibilities for the banking industry as well. However, the majority of banks worldwide still lack a clear AI strategy and therefore, miss out on the opportunities and potentials AI offer^[3].

Furthermore, banking regulations become more complex and stricter and are subject to constant change and upgrade. This represents a great challenge for the banks globally.

Hence, the ability of banks and banking systems to address all of these challenges and face the ever-growing digital transformation of businesses worldwide will be decisive in which banks will thrive and successfully adapt to the new market trends.

The papers in this issue tackle some of these challenges and will shed light on these issues, thus making them more relevant and spreading the results and findings among the academic community as well as the interested public.

Conflict of interest

The authors declare no conflict of interest.

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