

DIGITALIZATION OF TURKISH BANKING SECTOR AND EFFECTS OF COVID-19 ON THIS PROCESS: A QUALITATIVE STUDY

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Abstract:

Digitalization, as a popular topic, is not only providing operational advantages, but also changing business models and business paradigm in banking. Hence, business development, sales and marketing, business strategies and employment structure are altering in this process. Both financial institutions and customers are demanding this change in a dynamic and interactive manner. Financial institutions are utilizing benefits of cost reduction, increasing volumes of transactions and operational ease etc. This trend pushes the banks towards more data analytics, data-intensive and even artificial intelligence-driven operations, risk management and decision-making processes. However, customers are also utilizing the benefits of prompt and eased transactions with lesser costs, instant banking operations through mobile channels etc. Covid-19 has been a major breakdown fostering digitalization of both financial institutions and customers through their adaptation capabilities. Even elderly age groups, formerly being referred as laggards for adaptation to utilization of technology, were prompt to adapt their utilization of banking services through mobile channels during Covid-19. Besides, Covid-19 has changed the working patterns of banks in terms of enhanced utilization of alternative channels like digital banking and distant working of their staff. Consequently, this change has some effects in banks and customer relationships, organizational structures of banks and will most likely have effects in sectoral regulations and policy development perspectives. In this respect, structured interviews are conducted with top managers of seven Turkish banks. These interviews provide data for the repercussions and analysis of digitalization by Covid-19 with feedbacks and policy recommendations.

Keywords: digitalization, Turkish banking, Covid-19, policy recommendations

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