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IMPACT OF COVID-19 ON DIGITAL TRANSFORMATION IN BANKING SYSTEM

Covid-19'un Bankacılık Sistemine Dijital Dönüşüme Etkisi

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ABSTRACT

The corona pandemic is motivating more people to go online and is forcing them to do a wider range of tasks digitally. This can also be seen in the financial sector: the digital offerings of banks were accessed 11 percent more often than before in the early stages of the pandemic. The use of FinTech apps has also skyrocketed. At the same time, banks around the world have closed branches or limited their opening hours to curb the spread of the virus.

This development looks like a good chance to pick up previously "analog" target groups and win them over to digital banking on a permanent basis. However, this challenge is anything but trivial. The analogue target group includes-unsurprisingly- mainly older people, many of whom have had little or no experience with the Internet: half of those over 70 still do not use the Internet. There are also many of those who use it who only use it to a very limited extent. And even those who are very familiar with online services such as news, games and e-mail often shy away from digital banking.

As a result, the share of online banking users among those over 65 was only 21 percent last year. Until then, many customers did not even see the need to try digital banking. But now the need is there; because even if many branches have now reopened, older people in particular are likely to continue to want to restrict social contacts. It is also foreseeable that the trend towards nationwide branch closings will continue in the future.

Keywords: Banking system, global healt issue, economic crisis, Covid-19

ÖZET

COVID-19 salgınının küresel finansal sistem üzerinde büyük bir etkisi oldu. COVID-19'un Çin bankacılık çeyreğinde yarattığı etki 3 yönden oluşur: kısa vadeli dönem, uzun vadeli ve sistemik riskler. Hızlandırılmış kredi puanı desteğiyle, pandemiyi önleme ve yönetme için farklılaştırılmış parasal teklifler için desteğe ihtiyaç vardır. Orta ve küçük ölçekli işletmeler, benzersiz kredi puan limitleri, kredilerde azaltılmış hobi teklifleri, ertelenmiş geri ödemeler ve uzun vadeli kredi puanı sistemlerinin statükosu aracılığıyla desteklenmek ister. Dijital dönüşüm, risk yönetimi sistemlerini geliştirmek için daha hızlı bir ücret karşılığında yakınlaşmak istemektedir.

COVID-19, arenada tamamen zorlu bir girişim yarattı. Pek çok rahatsızlığa ve ölüme ek olarak, uluslararası nüfusun büyük bir kısmı karantinaya alındı veya hareket özgürlüğü kısıtlandı. COVID-19'a karşı "savaşı" kazanacağız, ancak birçok açıdan arena COVID-19'dan sonra eşit olmayacak. Bir unsur, uluslararası bir durgunluğa sahip olabilmemizdir. İşsizlik, geçici olarak şans eseri yükseldi, ancak bu, finansal sistemin içinde temel bir engel oluşturdu. Finansal sistemin kadere yakın olduğu tahmin edilen yolların bir göstergesi, arenadaki envanter değişimlerinin tepkisidir. Değerleri yaklaşık 0,33 oranında düşerek düştüler (hükümetler sert mali önlemler aldıktan sonra müthiş bir diplomaya kavuşmuş olmalarına rağmen). Bankaların değişen parasal güçleri (piyasa değerlerinin azalması nedeniyle), bankaların parasal araç içinde benzersiz bir konuma sahip olması ve kısmen de hepsinin maksimum olması nedeniyle ticari işletme ağının gevşemesi için sonuçlar doğurabilir. Ticari işletme işlemlerinin% 100'ü bankalar aracılığıyla yakınlaşmakta ve kısmen de bankaların arena ticari işletme ağının yeniden yapılandırılmasının finansmanı için önemli olmasından kaynaklanmaktadır.

Anahtar Kelimeler: Bankacılık sistemi, küresel sağlık sorunu, Covid-19, ekonomik kriz

1. INTRODUCTION

The COVID-19 pandemic is fundamentally changing the digital usage behavior of German bank customers. In the face of the virus, habits that have been newly adapted are retained and old patterns of behavior thrown overboard. The customer, who was previously more stationary-oriented, has now come to know and appreciate a bank without a branch and new, digital payment processes. A boom in card payments and digital wallets, the expansion of digital channels and a massive increase in usage figures in online banking were the result.

According to Sven Krämer, partner at zeb, this development will continue irreversibly: "The trend towards more online and mobile banking continues even after the COVID-19 pandemic has subsided. This is the last regular contact point between bank and customer - the supply of cash across the board and across all age groups to a large extent. "

Established market participants are in direct competition with direct and neo-banks, which can produce the same products more leaner and with high quality through digital processes and modern IT. At the same time, the IT worlds of many traditional institutes are coming to the end of their life cycle and will have to be replaced in the foreseeable future. The need to expand digital skills across the board is increasing.

Nevertheless, says Krämer, promising opportunities are opening up for many stationary institutes right now: "At the height of the corona pandemic in Germany, the established houses played an important role in the financial stability of their customers. They showed themselves to be reliable partners and the first point of contact for everyone You should use this increased trust to make up ground in the competition. However, this requires consistent, focused action " (Congressional Research Service, 2020).

In a current publication, zeb recommends eight fields of action that are decisive for success in a digital transformation. From the point of view of the authors of the paper, it is no longer a question of "if", but only of "when" and "how quickly" the digital agenda is processed in order to make up for lost ground in the face of changed customer usage behavior.

2. ECONOMICAL CHANGES AT THE BEGINNING OF COVID-19

In credit markets, the story has been somewhat mixed thus far, but participants are usually impressed by the direction of developments. Whereas primary bond markets had effectively closed early March, by early Gregorian calendar month investment banks according durable demand for whole bright credit supplying by investment-grade borrowers. Participants attributed the re-opening of primary credit markets to institution action in addition as a somewhat improved economic science outlook. On the other hand, high-yield markets and secondary bond markets remained largely closed, though there's some optimism that new financial organization company credit facilities may provides a backstop in these markets. Participants from the non-public sector and policy-makers agree that a key distinction between the GFC and this crisis has been the role of banks. not just like the GFC, this crisis is actually a public health emergency that has become AN economic worsening as governments have taken measures to stop the unfold of the health problem. But, instead of contributing to the matter, banks are presently a significant a section of the solution, due in big 0.5 to the strength of their balance sheets. The post-crisis regulative framework has diode to substantial can increase in capital management by giant advanced economy banks, additionally to further assets and a lot of stable sources of funding. Not entirely are banks comparatively stable, however they're additionally serving because the primary mechanism for abundant of the business support parts of the many countries' business packages. Participants advocate that the most target of regulatory and financial organization policy need to air maintaining this stability whereas sanctionative banks to satisfy the requirements of the vital economy, which may be a troublesome balance to understand (Chou, 2019107-120.).

3. ECONOMIC CRISIS AND RECOVERY

The COVID-19 pandemic has now spread across the globe. But the first positive signals are also emerging: After there are hardly any new infections in China, many countries in Europe and the USA are now also observing a decline or at least a stabilization in the number of new infections. In many countries a relaxation of the lockdown regulations is being discussed or has already started. However, the pandemic is far from over. Despite the start of the first clinical tests, it is questionable whether it will be possible to make a vaccine available this year. It will also take months to develop effective drugs for patients with the virus (Schwab, 2019).

With this in mind, we have adapted our last update on the economic effects of the coronavirus in two ways:

Because the scenario of a four-week standstill has now become unrealistic, we first focus our analyzes on the scenario of a twelve-week economic standstill. We have adjusted the forecasts for this to current developments. Second, we compare the current crisis with the last far-reaching economic turmoil: the global financial crisis in 2008. In particular, we analyze how long various economic sectors will likely need to recover from the current crisis and under which special conditions the state's aid measures must take effect today.

It is already clear that the global economy will be hit massively by the effects of the Covid-19 pandemic this year. Unlike in the financial crisis, global GDP growth will not only stagnate, but decline by more than two percent - after global growth of over three percent was predicted just a few months ago.

The economic slump hits all regions and countries. China already reported a quarter-on-quarter GDP decline of 9.8 percent for the first quarter of 2020. Since the economy in China has now started up again, but demand from abroad will be absent for some time, we are assuming GDP growth of 2.5 percent for China in 2020. A decrease of 3.5 percentage points compared to the forecast before the Covid-19 pandemic (Schwab, 2019).

It will hit Europe and the USA even harder than China. Here we expect that the week-long lockdown and the further measures to protect health will lead to a fall in GDP of 5.2 percent (Europe) and 5.4 percent (USA) in 2020. While we assume that the economy will grow again worldwide in 2021 and also in China, Europe and the USA, this growth will not be sufficient to offset the losses from 2020.

In 2008 the crisis began with upheavals in the real estate and financial markets in the USA and only later had a global impact on the financial and real economy. The Covid-19 pandemic is more radical and more abrupt. It immediately and completely incapacitates the real economy - supply and demand at the same time. Plant closings, initially in China, dried up supplies of supplies. Employees lost their incomes due to unemployment, consumption slackened and was additionally stalled by the closing of most shops.

The Covid-19 pandemic is affecting many industries more than the financial crisis of 2008. In addition, it will also take longer for most industries to recover from their losses. Let's take a look at the travel and tourism industries, the automotive industry and mechanical engineering as examples.

Travel has almost come to a standstill due to border closings, quarantine regulations and entry bans. Business and leisure trips are no longer applicable, as neither traveling to nor staying in most destinations is possible. The fatal: These trips will also not be made up. Video conferencing is currently replacing physical business meetings. Due to the situation of the employer, employees cannot postpone their vacation but can spend it at home. A recovery in the industry is a long way off

The automotive industry is being hit by the Covid-19 pandemic in a phase in which it already has enough challenges to overcome with digital transformation, electrification and the development of autonomous vehicles. During the financial crisis, it was possible to boost demand with stimulating measures such as a scrapping bonus. But it is questionable whether this recipe would also help in the current crisis. Because the buyers are unsettled by plant closings, unemployment and short-time working.

4. ADVANCED ECOMOMIC MODELS

The economic development is carried out by the corona virus through the channels of action. Procurement-authorized work processes Production restrictions for companies, as there is a link between production output - labor and capital. So let factory work and quarantine measures decrease the labor supply and thus also the labor output. In addition, access to increasing risk absorption and liquidity bottlenecks in the banking system to increasing credit and capital costs. Banks, for example, are seen as protecting banks in order to protect themselves against liquidity hoardings and credit defaults. In addition to visible productive work responsibilities that relate to ensuring company sales. Conflicts are likely to occupy the short to medium term and production will decline. In addition, the official powers in goods and passenger transport represent quality losses. This is the reason to produce the factor that results from the total output of production and the production of production output. The supply-side failures are also likely to have a massive impact on global trade, as supply chains are partially or completely discontinued (David E. Bloom, Daniel Cadarette, and JP Sevilla, 2018). The spread of the corona virus was not only affecting production, but also goods after taxes. So you can end up losing the virus. In particular, the purchase of durable consumer goods is likely to be withdrawn. Companies too are led to hold back until those lost by the virus are noticed. Many are likely to be willing to include layoffs despite personal production losses and keep the workforce until the pandemic subsides. This ties up funds that cannot be used for repairs in plants or other projects. In addition to the uncertainty in the level of trust of the week of freedom of travel, which was prescribed by politicians, there are also declines in the travel and tourism sector. These are primarily the hotel and catering industry, but also contracts and service sector administration. For the analysis of the actual powers of the rapid development of the Covid-19 rights and the lost rights in the second two hardly real economic data are available. Sentiment indicators and financial market reactions, however, already relate to massive effects on the real economy. The confidence of Chinese manufacturing entrepreneurs deteriorated significantly in February (Figure 1). The entire purchasing managers' index collapsed by eleven index points and is now below the expansion threshold of 50. For other affected economies, views were turned upwards in February. This is because the first is at the end of February 2020 that the control of the virus will also be controlled in the countries. The case numbers of SARS-CoV-2 in Japan, South Korea and some countries that belong to the end of this month are dynamic. In contrast, the financial markets have been buying heavy effects since the end of February (Figure 2). As important as the share prices from February 24th as violently as half of the beginnings of the global financial crisis in September 2007. On Wall Street, trading was even heard at times. After the outbreak of the virus in Italy, the damage between the returns of the ten state relations between the countries of the euro area will also skyrocket (• Fitzgerald, M., Kruschwitz, N., Bonnet, D., & Welch, M., 2013). This worsening situation on the financial markets and the emerging economic upheavals are already reactivating many central banks with easing monetary policy. So on March 11th, the Bank of England cut the key rate by 0.5 percentage points. In addition, the right central bank of the commercial banks secure financial control for loans and lending companies in the amount of 190 billion pounds ready. The European Central Bank followed suit with an expansion and adjustment of the program for tax-term refinancing services (LTRO and TLTRO III) as well as a time dependency of the rights. Most recently, the US Federal Reserve cut key interest rates to zero and refrained from buying any more government bonds and mortgage-backed securities. In addition, the Fed has more liquidity at its disposal in order to draw on the global tax markets (• Fitzgerald, M., Kruschwitz, N., Bonnet, D., & Welch, M., 2013).

5. COLLABORATION SAMPLES FROM OLD EXPERIENCES

Epidemics and pandemics are not new phenomena. In the 14th century, for example, the plague spread along the travel and trade routes from Asia to Europe and killed up to 25% of the European population at the time. A typical disease that repeatedly assumes the proportions of an epidemic is influenza (flu). The Spanish flu, 1918-1920, killed over 50 million (million) people worldwide, at that time more than 2.5% of the world's population. The Spanish flu began in the spring of 1918 and then spread in two to three waves in the different regions.

The second wave of autumn 1918 was fatal and in many areas the disease sprouted again in a third wave in spring 1919. What was unusual about the Spanish flu was, on the one hand, that the mortality rate was highest among adults between the ages of 20 and 40, and on the other hand, the very aggressive and rapid course of the disease. The rapid spread of the disease can be traced back to troop transports and refugee movements in the wake of and after the First World War. provides an overview of some of the most famous pandemics and epidemics of the past. After a decline in many highly infectious diseases in the 1960s and 1970s Diseases were assumed, since the 1980s there has been an increasing incidence of infectious diseases that quickly crossed national borders. One reason for this is, on the one hand, the adaptability of microbes, which develop complex survival strategies and thus become resistant to many antibiotics. On the other hand, the extent of infectious diseases is greatly multiplied by the megatrends associated with globalization. With the increasing mobility of goods and people, the speed and geographical range of the spread of infectious diseases has increased significantly (Karabag, 2020). The global interconnectedness of our world today leads to a much faster spread of diseases. While the plague spread at a speed of 4 to 5 km per day in the 14th century, current pandemics average between 100 and 400 km per day. Another reason for an increasing risk of epidemics and pandemics is the increasing destruction the environment. New pathogens that lead to epidemics and pandemics are often so-called zoonoses, i. H. Pathogens that are transmitted to humans through animals. Due to the increasing destruction of the environment, people are penetrating into previously untouched areas, which at the same time increases contact with exotic animals.

The Ebola epidemic in West Africa in 2014/2015 can be traced back to the transmission by a bat with high probability. Covid-19 also has its origin in animals with high probability, since many of the first infected on a wholesale market for fish and Marine animals have worked in Wuhan. Preparation and measures In 2005, the National Pandemic Plan (NPP) was drawn up for Germany as part of the World Health Organization's global appeal for pandemic prevention (Pandemic Preparedness Project, 2004). This was supplemented in 2007 and completely revised in 2017. "The NPP serves the targeted preparation of authorities and institutions at federal and state level for an influenza pandemic and provides a framework that forms the basis for the pandemic plans of the states and the implementation plans of the municipalities." (Economics, 2020). The objectives of the NPP are essentially (1) Reduction of morbidity and mortality in the general population, (2) ensuring the care of sick people, (3) maintaining essential public services and (4) reliable and timely information for political decision-makers, professionals, the public and the media. In addition to the obvious protection of health, it is particularly important in the event of severe epidemics and pandemics to ensure production, distribution, supply, traffic and social cohesion in society and, if necessary, measures to cope with bottlenecks and failures are taken. The WHO has defined four typical phases for assessing the global situation of an (influenza) pandemic:

1. Interpandemic phase: phase between two influenza pandemics. In this phase, measures relate primarily to planning / preparedness, risk assessment and public awareness.

2. Alarm phase: Identification of human influenza diseases caused by a new type of influenza virus.

Characteristic for this phase are increased vigilance and careful risk assessment at local, national and global level as well as intensive monitoring and risk assessment for the assessment of the situation 3rd pandemic phase: phase in which the human diseases caused by the new influenza virus spread globally. Measures to influence the dynamics of propagation such as B. Informing the population about the current situation, recommendations for behavior and personal hygiene and contact-reducing measures, such as B. Event Prohibitions. Special measures are also the tracking of contact persons and, if possible, the procurement of vaccines. In order to reduce the consequences, measures should be taken to ensure rapid medical care for the sick. 4. Transitional phase: When the global risk assessment relaxes, a de-escalation can take place with regard to globally initiated measures. The primary goal is to gain knowledge of the pandemic and the measures taken, as well as to optimize them (Desheng Dash Wu, David L. Olson, 2020).

6. IMPACT OF COVID-19 ON ECONOMY

6.1. Digital Transformation

The current situation is unique and difficult to grasp. The corona pandemic has led to serious cuts in public life around the world and has in some cases severely restricted people's freedom of movement. Closed restaurants and retail stores, interrupted supply chains, canceled trade fairs and events, and the stop of almost all travel activities have resulted in a collapse in the global economy that has been unprecedented in this form since the Second World War. Every country is affected, countless workers and companies fear for their economic existence.

COVID-19 is causing great losses in value on the capital markets. The consequence is a loss of customer confidence in shares as an investment. The currency in circulation in the euro area is expected to have grown by almost 100 billion euros or eight percent in March, according to an analysis commissioned by the direct bank ING Germany. To make up for this loss of trust means a huge consulting effort for banks, which would be at the expense of the already low margin (Karabag, 2020).

One possible way out of the earnings dilemma is to revise the robo-advisor strategy. Retail customers need a securities investment managed by professionals and shy away from platforms on which they independently trade individual securities. Banks should convert certain methods of wealth management into digital investment advice and open them up to the mass market. This step would be possible through the introduction of hybrid consulting, in which a person forms the trust-building component and digital technologies provide the necessary freedom. But economic and social activities were not only scaled back with the onset of the crisis, they also changed - and very quickly. Many people have been forced to change habits, and some of their new habits are likely to outlive the Corona crisis, especially in the technological field. A look at Germany in recent weeks reveals something surprising: Schoolchildren and students learn from home on digital platforms, people of all ages - professionally and privately - use video calls and cloud services, cultural workers join forces on common platforms to generate digital sales, and supermarkets, taxi and delivery companies refuse to accept cash from their customers. In normal times, changes of this kind would have been difficult to imagine, or at least unthinkable at the current pace. It is as if a large digital experiment had started - in real time and with millions of test subjects.

The installment loan business for motor vehicles will collapse sharply due to COVID-19. There will also be provisions for loan losses in the millions, as in the USA, in Germany. In addition, the demand for consumer loans will temporarily weaken and shift even more to online retail. Banks, which are dependent on every euro of income from the lending business, need to be even more transparent than before with regard to existing and future risks (David E. Bloom, Daniel Cadarette, and JP Sevilla, 2018).

Institutions are faced with the task of measuring their overall risks even more precisely - preferably more precisely than required by the banking supervisory authority. This increase in information and knowledge means an increase in earnings in the balance sheets. Because banks that calculate risks more precisely than other institutes and make more precise forecasts will operate risk management with greater operational efficiency and reduce the risk of wrong decisions. In addition, they will be able to navigate closer to the limit of lending than others and thus win customers where other institutions have to fit.

Banks and savings banks are indirectly involved in the federal government's willingness to help financially. They are the primary hubs for the multitude of government subsidy loan applications. However, the margin and resource requirements are disproportionate. Many institutes want to keep the effort within limits. Corporate client advisors therefore pass on the applications 1 to 1. The companies' requests for help are ideal opportunities for discussion. With adapted products and advice, the processing costs could be offset by new business (Matthew Blake, Ben Weisman, 2020).

New services from banks could, for example, be automated standard audits that assess the eligibility of small and medium-sized companies ad hoc and thus relieve the company of work. Banks should therefore use a necessary increase in staff in the loan restructuring and restructuring departments to advise their customers on other topics..

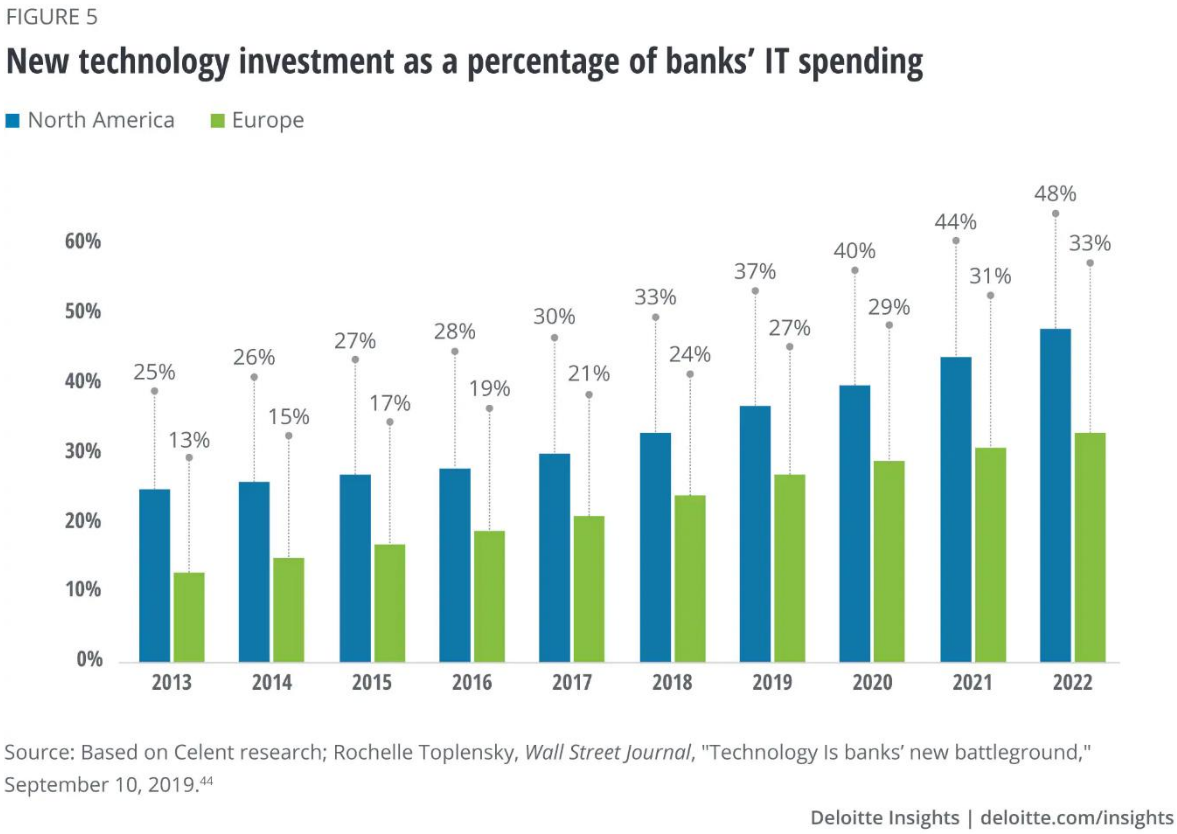

Figure 1. IT expences during pandemic

Paying from a distance is becoming more and more attractive for consumers. The World Health Organization (WHO) recommends avoiding cash. Since the outbreak of the COVID-19 pandemic, more people in Germany have been paying with their smartphones or cards with an NFC interface. About half of all card payments are made in this way, according to the German Savings Banks and Giro Association.

Banks have to adapt to this change in payment habits and, for example, work with retailers and restaurants to create more offers for remote payments and simplify the existing ones. They are also called upon to facilitate access to cash and significantly expand the cooperation networks with petrol stations and other partners.

Normal branch business is only possible for banks under difficult conditions. Customer visits in the B2B and B2C area are only possible to a limited extent. Due to the current crisis, direct sales will increasingly experience a push in the direction of hybrid, i. In other words, direct personal contact will be permanently supplemented by alternative channels, such as social media in the professional field such as LinkedIn and video conferences for personal advice.

The end for the bank branch is by no means sealed. The Internet is said to be so stable because it is organized as a network of many nodes that continues to run stably even if some nodes fail. Larger bank branches can also assume this role if the institutes convert them into decentralized nodes that can also take on central tasks.

The alternative meeting point for people during the Corona crisis is social media. The use of Facebook, Instagram, YouTube and WhatsApp will also be significantly greater in the post-COVID-19 period than before the outbreak of the pandemic. The same applies to comparison and mediation platforms that offer quick orientation in times of crisis, including opportunities to close. This user behavior will solidify, and banks will have to respond adequately (Matthew Blake, Ben Weisman, 2020).

The decision-makers are about to restart their social media strategies of yore, which so far have barely made it beyond a Facebook presence or a YouTube channel. To this end, more institutes will get together and build up skills in the various channels. In addition, they will tailor their offers to the requirements of platforms such as Check24 and Verivox and push technical interfaces to increase their efficiency in sales.

As a result of the more difficult visits to branches, customers will pick up the phone and write e-mails and letters again. As an established and serious online channel, email in particular will experience a high phase. Banks will have to make this channel much more customer-friendly and operationally more efficient than is currently often the case. This includes the return to central service e-mail addresses - which many institutes had abolished - and the use of technology to answer the volume of inquiries in the time span expected by customers.

Banks shouldn't see customer emails as a flood, but rather as a welcome point of contact to shine with service. To this end, they should significantly simplify communication with consultants in online branches. This includes the assignment of inquiries via the online banking portal to the responsible bank employees, options for uploading documents and digital and partially automated processing, for example of credit agreements and savings plans (Chou, 2019107-120.).

Before the crisis, banks were certainly not among the industries with the highest home office or coworking rates. Inevitably, the institutes are currently gaining extensive experience with remote work and solutions for digital collaboration in teams. After the crisis, many of these solutions will establish themselves as standards - probably even have to. This development increases the demands on cyber protection measures. Fraudsters and cyber criminals are already active looking for vulnerabilities. The risks are shifting to private homes. Banks must therefore expand their protective measures.

At the same time, they have to ensure that their employees can also access software from their old legacy systems remotely and that access to sensitive data, such as when checking suspected money laundering cases, also meets the regulatory requirements in the home office. In addition, the current IT architecture and the core banking systems in use turn out to be a brake on transformation. In most banks, due to their complexity, they prevent the rapid and agile development of new necessary services in times of crisis. The knowledge has been there for a long time, now the pressure is increasing (• Fitzgerald, M., Kruschwitz, N., Bonnet, D., & Welch, M., 2013).

6.2. Bank Business Model: More Pressure On The Transformation Boiler

The new normal for the banking world will therefore show itself to be much more pronounced than a concrete approach to measures and less than a strategic exploration of options for change. The crisis acts like a catalyst on the trends of the last ten years - cost reduction, digitization and concentration. The pressure on the transformation boiler is increasing. A positive effect of external crises is that companies can ask themselves questions for which there is either no time or for which they see no need. Decision-makers should urgently address two questions:

What role do we want to play as a bank in the lives of our customers?

Which position would our bank like to fill in the ecosystem of the (financial) economy?

With the answers and the business models - in banking or beyond banking - it will be important that banks master the assets of technology and trust in handling data and can efficiently manage them. Then banking will stay.

6.3. Breaking Down Digital Barriers

The exciting question now is whether customers will remain loyal to digital banking with this intensity even after the crisis and whether it will also be possible to win over those customers for digital offers that they have taken advantage of these days for the first time or will still perceive. For the latter, the decisive factor: the banks must succeed in permanently lowering or completely eliminating the hurdles that previously held customers away from digital channels. In addition to a general distrust of digital access channels, these hurdles are likely to include the lack of digital skills, especially of older customers, which is why the customer experience is all the more important when using such offers for the first time. Banks would do well if they allow the broadest possible, but above all convenient selection of contact options, which leads to quick processing of the concerns of customers of all ages and levels of education (Chou, 2019107-120.).

Where providers previously had months in advance to prepare customers for digital offers and access channels, there is now almost no time. Banks must succeed in developing their customers' digital skills from the first time they use a service in such a way that a positive customer experience creates trust in the digital channels or at least ensures that the customer soft-lands in the digital age. The current crisis not only offers a multitude of challenges, but also the opportunity to positively change the perception of digital offers in the short term and thus improve customer satisfaction and loyalty in the long term.

The digitally advanced Chinese banks showed during the Corona crisis how far a bank can integrate various digital services to add value for the customer. A Chinese bank, for example, used existing digital access channels to support its customers in storing personal information in order to apply digitally to return to work. In addition, it integrated further services from other providers via its digital customer access to give the rural population access to medical care, education and care for the elderly. Although the services do not correspond to the primary offer of banks, the bank ensures its exclusive customer access. At the same time, a number of Chinese institutes had launched special corona campaigns to introduce all customer groups to the digital services as quickly as possible. Banks will be forced to make significant changes to their business models in the medium to long term, even more than ever before. Because providers who already have an attractive digital offer will further increase the satisfaction of their existing customers and also win new customers. One thing is clear: the digital transformation must be intensified, there is no alternative to this. Cooperation with FinTechs can serve as a catalyst. Thanks to their lean organization, their agile method setup and their innovative digital mindset, FinTechs can often develop technological solutions quickly and pragmatically and make them available to the banks. For success, however, it is crucial that the banks make every effort to find uncomplicated ways of cooperating with these young companies (Economics, 2020).

With regard to the cooperation with FinTechs, there is still another opportunity for the banks against the background of the Corona crisis. Not all FinTechs are financed so solidly that they will survive the crisis unscathed. The venture capitalists have already taken measures in one or the other arrangement to avoid failures. This gives banks the opportunity to make strategic acquisitions of FinTechs at a favorable time in order to integrate them into their operational business. In this way, the institutes can develop their own digital skills and at the same time offer their customers new products and solutions.

Banks that have not sufficiently advanced the digital transformation in recent years should also see the current crisis as a wake-up call and concentrate their capacities on digital projects as a result of the changed customer behavior. The current crisis, despite all the strain on the risk profiles of the institutions, may be an opportunity to tackle the digital transformation in a sustainable and consistent manner. At best, the gigantic digitization experiment offers a win-win situation for everyone involved: for customers, FinTechs, investors and banks (Desheng Dash Wu, David L. Olson, 2020).

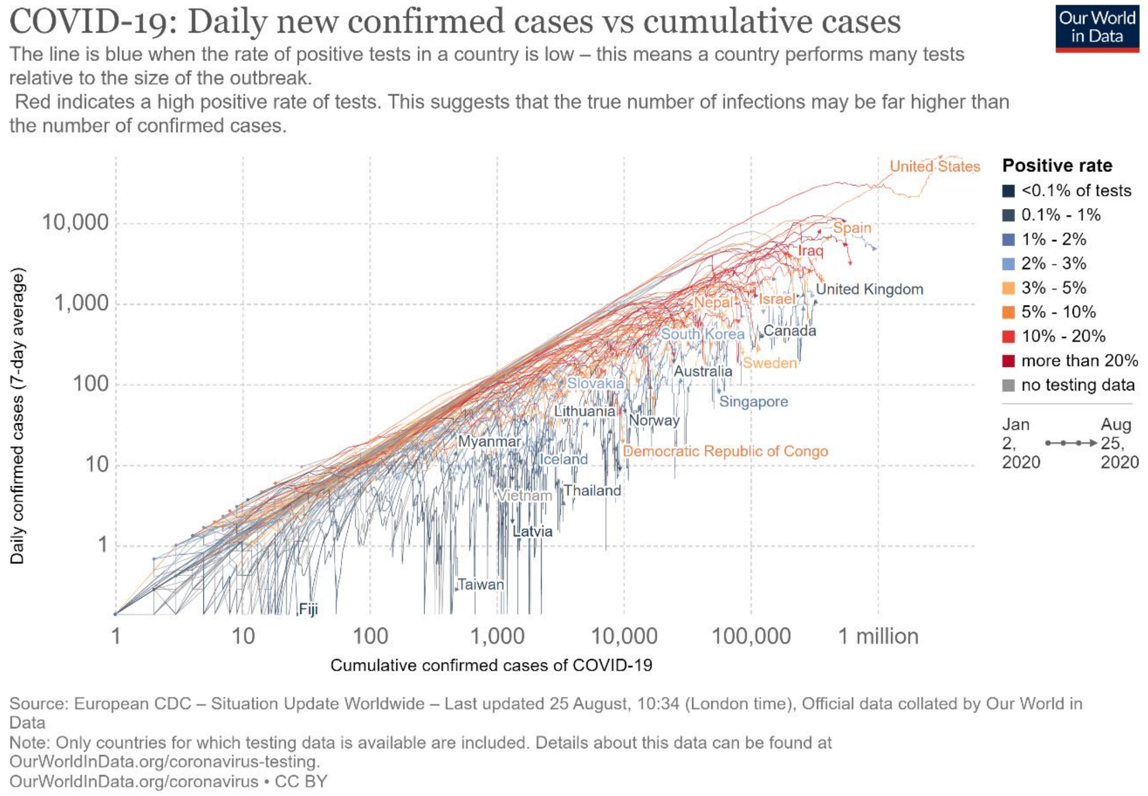

Figure 2. Covid mortality rate

In the Central and Eastern European countries, with the exception of Romania, economic growth continued to slow in the final quarter of 2019. Industrial production and construction output developed weakly or even declined. Private consumption, however, had a supportive effect. In the further course, foreign demand is likely to at least weaken. The Chinese sales market has played an increased role for the region in recent years, but still plays a minor role in terms of total exports from the countries. On the other hand, difficulties could arise due to bottlenecks in deliveries from China and other supplier countries, which account for between four and eight percent of total imports in the individual countries. Despite possible problems in the supply chains, the purchasing managers index in Poland and the Czech Republic even improved somewhat recently. However, it does not reflect current developments. In the Central and Eastern European countries, restrictions on public life were ordered due to the corona virus and the borders for passenger traffic were closed. Domestic demand will continue to be determined by consumption. The employment situation is still good. In all countries the minimum wages were increased; in the Czech Republic, parental allowance and pensions have also increased. Consumer prices are rising; but overall inflation remains within limits. Overall, growth in the region is likely to be around three percent in the forecast period.

7. CONCLUSION

The growth of the Russian economy slowed in the fourth quarter. This is apparently due to weak exports in the final quarter. In response to the corona virus, Russia has now introduced restrictions on passenger traffic with China.9 The movement of goods is apparently still being maintained. According to Russian customs statistics, Russia's imports in terms of value from third countries outside the Commonwealth of Independent States (CIS) in January 2020 were still above the previous year's value. Information on the export has not yet been published; but the declines in production in China are likely to temporarily result in low demand for Russian energy supplies. In the further course of the year, the global decline in production will affect Russian energy exports. OPEC + negotiations on further cuts in crude oil production failed at the beginning of March. As of April 1st, funding restrictions will no longer apply. Saudi Arabia has cut prices on its supplies; the price of oil in international markets has fallen dramatically. In order to cushion the consequences of sharp price cuts, Russia has built up financial reserves in recent years. In order to counter declining revenues from mineral oil exports, the country will try to at least stabilize its delivery quantities to customers in Europe. Private consumption should continue to have a moderate supportive effect.

Disposable incomes have increased slightly and the situation on the labor market remains stable. At the beginning of the year, financial easing for families was promised. With a lower rate of inflation, the central bank also lowered the key rate slightly in mid-February. Investment activity had apparently not yet picked up at the end of the year. However, the implementation of the national projects should now be accelerated in the course of the year.10 This year the growth rate should be 1.1 percent and increase slightly in the next year.

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