

The Use of Fintechs To Improve Competitiveness in The Banking Sector: Case of ABC Bank Algeria.

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ABSTRACT

Had no choice but to adapt and integrate new technologies into their structures. The main transformations brought about by the advent of digital technology in the banking sector are being felt in the design of new products, in addition the product policy has been impacted by digital technology. It is the entire organization and operation. Up to and including the development of the bank's business lines. To this end. In order to support our argument. We have opted for an empirical study within a banking institution. ABC BANK, based in Algeria that tries to incorporate digitalization in the exercise of its daily activities.

1. INTRODUCTION

The banking industry, with its economic weight that cannot be ignored, represents, in terms of employment, 675,000 people in Germany, 440,000 in the United Kingdom and 380,000 in France, according to the European Banking Federation census. Regulatory pressure and intense competition are the current environment for banks around the world.

Add to that the democratization of the Internet and new digital technologies in the early 2000s, which led to new behaviours and new habits of consumption. Changes in consumer behaviour and expectations mean that consumers are more familiar with new technologies; they consult and order their bank accounts online from their personal computers, but also increasingly from their smartphones. He becomes more informed, more demanding.

The other aspect of the digital revolution is the emergence of new players. Whether it be in the banking market by referring to remote banks (online banks), Where players from different divisions that pose a threat to the bank (Fintech). Taking the example of the market for means of payment (virtual currency). These players have been able to take advantage of non-restrictive legislation, but also of the new market conquest conditions brought about by changing customer behaviour.

Moreover, in a little over a decade, it is the unleashing of a succession of constraints that is hitting the players in this sector, pushing them to adapt quickly to survive and remain competitive.

Indeed, the impact on banks, a key pillar of the economy, has been considerable. As a result, the banking industry is one of the sectors most affected by digital transformation, ranking 4th on the podium, behind ICT, media and professional services (Gandhi et al, 2016). At issue is the demand of the clientele, technological progress and the

competition of FinTech's players.

The transformation of banks is thus a response to these market developments. Several studies attempt to explain that digital literacy plays a major role in the organization's economic performance (Accenture, 2016). This digitalization of the bank is reflected in the optimization of the customer experience via the Internet, the transformation of operational processes, the evolution of internal organizations and modes of operation and the development of its business (Béziade, Assayag, 2014).

Inevitably, and in other words, the entire economic model is called into question: This includes planning and responsiveness, sources of profitability, effects on the branch network, workforce, skills, and customer relationship.

The objective of this article is undoubtedly to reveal the impact of this digital revolution in the banking world, in particular by looking at the main contributions of digitalization in banking. We will try to understand and know the strategies adopted by banks to perfect this transformation that surrounds them.

The empirical framework will focus on Algeria. It will be discussed to find out where Algeria stands on the issue of digitalization in the banking sector, based mainly on Bank ABC, which will serve as a case study. A private bank established over 20 years in ALGERIA.

Based on a synthesis of the existing literature on this subject, and using a survey based on a qualitative approach, using individual interviews with ABC Bank employees (agency director, digital manager, etc...).

The Structure of the article is composed of three parts. The first part discusses the reasons that led banks to undertake changes in its economic model, which is now increasingly being pushed towards the digital. The second part deals with the explanation of these digital transformations, which takes place at different levels within the bank. Finally an overview of banking digitalization in Algeria, the case of ABC BANK.

2. The Reasons for Banking Digitalization

The digital transformation of the banking sector was not a coincidence. Elements and factors have given rise to the integration of digital technology into the bank's daily business.

These factors are social, economic and technological. Social by taking into account new consumer codes in the digital age. Economic for the strong competition that digitalization entails. Technology for increasingly sophisticated advances in finance in general, with reference to fintech.

2.1. Evolution of Customer Expectations and Behaviors

The spread of the Internet and connected devices, which are increasingly sophisticated, has significantly changed the consumption habits of individuals today (Eray P, 2018). They are connected most of the time and adopt a preference for what is accessible directly via websites (Chamoux J-P, 2018). Unlike previous generations, who saw no disadvantages in traveling to and from agencies to carry out their financial operations.

We find that now the customer is more difficult to satisfy. He wants to do everything quickly in a shorter time and not waste his time (McKinsey, 2014). These new habits are due to the fact that lifestyles change with the development of these technologies. Consumers then took a liking to the ease, speed and accessibility of products and services in one click through the Internet.

The impact and effects of these changes are felt in most sectors. The bank is thus subject to this evolution and does not escape the new market trends.

The digital revolution and technological advances put the consumer on a pedestal, giving it more importance. This one is therefore more demanding.

The consumer of modern times is in a position where he has the possibility to interact with the company. Communication has become bilateral and interactive. In the sense that it is no longer only from the company to the

customer. The latter, too, can respond, react and express an opinion (his satisfaction or dissatisfaction). Today's consumer is also more informed, thanks in particular to the many information available on the web (Chamoux J-P, 2018). It also has the ability to damage a company's reputation, or to enhance it by recommending it (through comments on websites or social networks). The consumer in the digital age, wants to be served efficiently by being fast, wants to be informed by answering his questions and also wants to be treated in a personalized way.

2.2. Online Banking: New Source of Competition

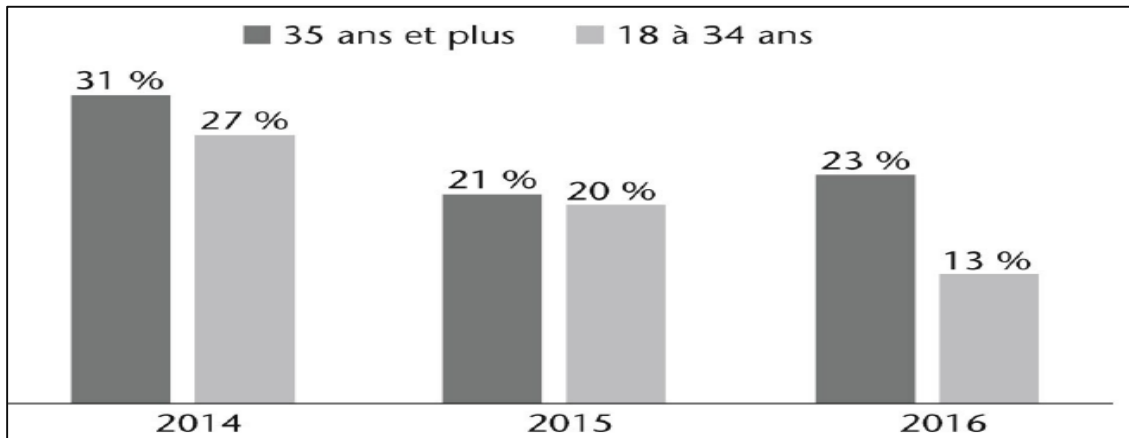
Around the 2000s, with the digital revolution, a new banking player enters the market, these are online banks or in financial jargon the pure Player, imagine a real virtual bank, pure player. Not the simplistic classic, an online service of an ordinary bank, but an indescribable lightness, a bank without agency, without counters, without tellers, without advisors, without customer services." (Sicard. M, 2012). They provide their clients with various services, such as those provided by conventional banks, but accessible exclusively via the Internet. This is the case of Boursorama Banque, which happens to be the leader of the remote banking market in France.

These banks have completely conquered a large number of people, in so far as they enjoy certain inescapable advantages.

Fees for services very attractive compared to traditional banks. These competitive rates are the result of an ability to lower costs. Since they do not have a network of agencies, their costs are therefore reduced. Another advantage is the time they save their clients. Access is possible at any time of the day and the week by a simple click, thus giving a feeling of ease to the daily life of those who use it.

We understand that virtual banks pose a threat to traditional banks. Especially considering that Agency attendance expressed as a percentage of clients visiting them once a month and more has increased from 40% in 2006 to 28% in 2011 and should reach 20% in 2015. Conversely, the percentage of customers using online banks at least once a month increased to 28% in 2006 and to nearly 40% in 2012." (Philippe Lecigne 2013).

Figure (1): Proportion of French citizens visiting a bank several times a month.



Source : BERNARD ROMAN et ALAIN TCHIBOZO 2017.

We note in Figure 1 that younger people are less and less frequent at bank branches. The age group between 18 and 34 are mainly connected and are developing a preference for online services.

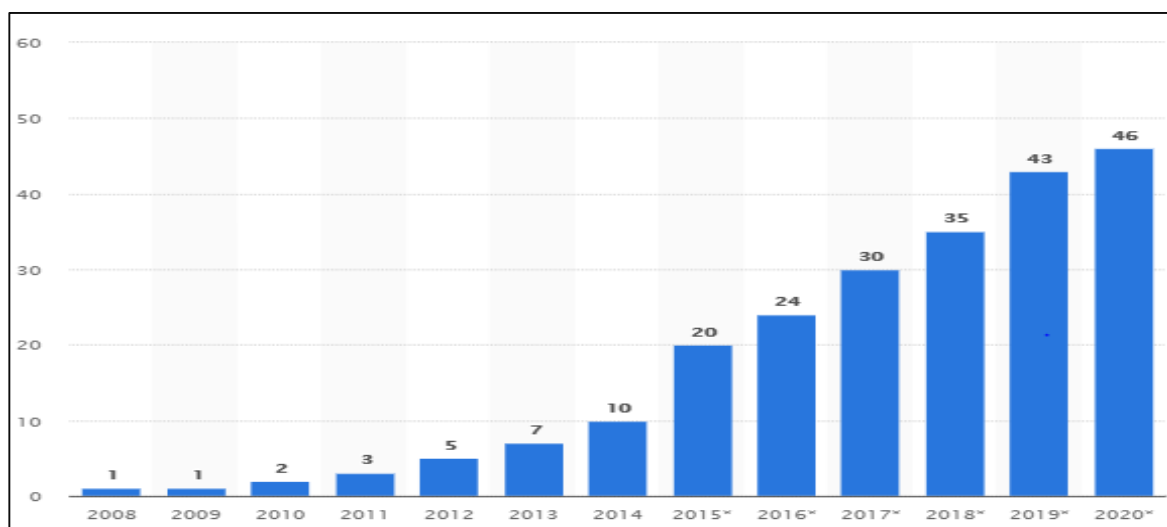
It is essential for traditional banks to move towards a digital transition. If they manage to integrate digitalization internally and externally, they will be able to reduce their operating costs and reach a wider clientele. It would also be the way to maintain their competitiveness with online banks.

2.3. Fintech: Advanced World of Finance

Fintech, this new concept, which is the contraction of two words, “finance” and “technology”, refers to a set of start-ups that innovate in the financial sector using new technologies. This phenomenon of the last ten years registers a considerable growth and attracts more and more investors. It manages to revolutionize the financial field as a whole, by developing different applications that try to build the bank of tomorrow. “Fintech, from an etymological and general perspective, represents the wallet of fintech, it identifies an emerging financial services sector that is rapidly becoming indispensable to financial institutions and is constantly impacting the way technologies support banking and financial services” (Freedman, 2006).

Figure (2) below presents the total amount of investments in fintech worldwide, from 2008 to 2018, with projections up to 2020. As a result, the value of investments in innovative financial services is expected to reach \$45 billion. This makes us perceive the rapid growth of this phenomenon.

Figure (2): Total Worldwide Fintech Investment Values



source : Statista 2019.

Fintechs, can refer to several concrete examples such as virtual currency or cryptocurrency (Bitcoin, blockchain) that does not require recourse to the central bank. Or the launch of money transfer applications outside the banking circuit, the creation of online accounts, the provision of payment cards, etc.

Crowdfunding platforms are also the work of Fintech. These websites allow individuals to borrow funds without the intermediary of banks.

We deduce, that the world of Fintech has dethroned the monopoly of the bank in several of its activities. It also has several advantages, by offering services that perfectly meet the needs of customers in the digital age, less barriers to entry, a financial facility using venture capital, and regulations that are not restrictive towards them (Capgemini, 2017). Like virtual banks, fintech is also a growing form of competition.

This emulation for the banking sector leads them to go above and beyond and to review their strategies that go through a digital transformation necessary to review the relationship with the client who interacts in a constantly evolving technological ecosystem.

3. The Bank's Key Digital Transformations

Because of the many changes that are taking place in the world, due to the digital and technological revolution, banks, like any other company, operating in all sectors, are obliged to carry out what is called the 'digital transformation'.

Banks are in a phase of defining an absolute and harmonious digital strategy on all its axes. Digital technologies are driving radical transformations across the entire banking industry. In the way we do business and interact with customers, the whole ecosystem is being disrupted and reflects the implementation of a new business model.

The digital transformation of banking involves a transition of this activity to several levels. It is an integration of digital in his daily life, whether in his strategy, his organization or his interaction with his clients. Essentially, digital in the banking sector has brought changes to its external and internal environment. The external account includes the bank's presence on the web via its website or on social networks that impact the interaction with its customers. Internally, this leads to changes for employees, organization and business processes.

The main role of digitalization is to make relations more flexible and less framed, thereby allowing for simpler and faster communication and a greater exchange of data.

In general, digital technology is an effective tool for disseminating and transmitting information, because it reaches a large number of people, whereas in the past it was more limited and aimed at a specific group.

This section will address five main points, which summarize the main transformations observed in the banking sector and those in different areas: the banks' interaction with customers is highlighted, the business processes change, internal operating practices change, the development of the bank's offerings and sources of revenue, the evolution of the bank's business.

3.1. More interaction between banks and customers

The bank, in order to catch up and not lose face, in the face of an evolving ecosystem, implements a customer-oriented strategy within its marketing department as the basis of its digitalization strategy.

To this end, the marketing manager will focus on the experience to be given to the customer. The relationship between the bank and its customer is highlighted as a priority. Unlike previous strategies that focused on the service to be provided. This approach, aimed at developing a lasting relationship with the client, is based essentially on the feelings and emotions felt by the consumer. These mechanisms are now essential to support the bank's choices and offer, and at the same time to succeed in retaining and attracting new customers.

As modern-day customers have evolved expectations and behaviors, the bank's marketing function is there to understand them and to offer them more personalized services, tailor them to their individual profiles so that they can meet their needs and thus meet them (McKinsey, 2014).

Tomorrow's services are designed to be innovative and tailor-made, with faster, non-uniform and recurrent accessibility for all the bank's customers.

To capture prospects and sustain the relationship with existing customers, Marketing Managers try to create services with existing customers, to obtain a service that meets their expectations. Using a method promoted by digital marketing, called "test and learn" (Béziade, Assayag, 2014). In addition to the personalization concept, the bank adopts a multi-channel strategy. The term multi-channel refers to a practice used by companies, which consists of the parallel or relayed use of the various contact channels for marketing products and interaction with customers.

In other words, it is the use of other means of communication that have come straight out of the digital revolution. With a view to promoting banking services, digital communication leads to close links with customers beyond traditional branch networks.

Among the digital communication tools available to banks are social networks that represent an opportunity for them, ensuring continuity of dialog with a wider community of individuals. It allows you to know new market trends, customer trends and expectations and react in a timely manner to good opportunities.

Another important point to highlight is the new role of marketers within banks, which is to collect all the customer data, available in the various digital devices, bank websites... in order to build up consistent databases, which, once analyzed, will lead to a better knowledge of the customer. This term, which is used primarily in the digital marketing industry, is known as Big Data.

Big Data refers to the growing volume of data that companies will have to process, representing a major challenge in terms of marketing strategy. This data can be collected either on the information systems located inside the bank, which consist of personal information (name, age, address, occupation, income...) and history of transactions carried out previously (loans taken, opening of account...). Collected outside the bank, through social networks, websites or blogs. The use of Big Data is an essential means to better know the prospects, and to establish a more precise segmentation and obtain a more optimal personalization of the service towards the customer.

3.2. Change business processes

The development of the customer relationship is not the only element that has been driven by the digital transformation within the banking industry. Operational processes have also been impacted recently. The changes observed at the operational level are of two kinds. Automation of recurring operations and dematerialization of working files (Lemoine P, 2014).

Banking automation is one way of achieving efficiency in the execution of tasks (McKinsey, 2014). To the extent that, this reduces and makes banking procedures simpler. This automation is the result of the use of an integrated management software package that manages all the bank's processes.

Automation also provides more time, especially for back office workers who can get things done faster, and this extra time could be spent on more relevant tasks.

This digital transformation is also enabling banks to demonstrate greater dexterity. The decision-making process is more concise, so that market trends can be assimilated at the right time (McKinsey, 2014). This gives banks the tools to better anticipate, assess and manage risks. This makes them easier to respond to and act on regulatory and legislative obstacles.

The dematerialization of the bank's documents also has several advantages, namely unquestionable profits in terms of Net Banking Product, a reduction in processing times, back office costs and security. Not to mention the quality of the service which can only be strengthened.

This dematerialization can refer to several practices, which before the integration of technological advances were very burdensome: setting up of e-mail rooms, which allow the automatic sorting and redistribution of all e-mails, the organization of customer documents by automatic indexing, setting up of electronic archives, automatic reading of documents...

Automating the sorting, indexing, entry, or review of customer records can significantly improve efficiency and security by preventing operational risk by replacing tasks that were previously performed manually and that could lead to errors and the time involved.

On the other hand, dematerialization enables innovation in the monitoring and traceability of processes, which is all the more important in ensuring their security. The virtual safe is a reference to the potential gains that technological and digital developments as a whole could represent for banks. An opportunity to get more time, an ability to secure storage and document sharing, lower storage and transfer costs, and a new source of revenue.

3.3. Evolution of internal operating practices

The digital transformation for banks also involves internal operational changes. Digitalization contributes strongly to new opportunities, in the sense of acquiring a greater market share and access to innovation, which nevertheless remains the only contribution of innovation.

Digital technology is profoundly disrupting the institution that adopts it, whether in its organization or in its operating practices. Information sharing is one of the elements that is impacted by this. The challenge is to achieve unsurpassed skill, so team members, and more specifically customer managers, must be able to have the information they need as quickly as possible (Beziade, Assayad, 2014). Intranets are set up for this purpose, as a means of communication used by institutions in-house to communicate and exchange securely.

We are talking about a new way of interacting within the banking agency between employees, these are platforms that allow instant exchanges. In a way, it's about adopting a certain culture to the business, an interaction in the digital age that is supposed to lead to better performance in terms of information sharing.

The equipment available to employees will also be developed to meet these efficiency and agility objectives, such as computers, phones, tablets, and third-party sharing or organization tools. More and more enter the labor market because the company often delays integrating these tools and new technologies, especially the bank is subject to particularly stringent regulatory and security requirements, the flourishing trend of Bring Your Own Device does not make it easy (Beziade, Assayad, 2014). These personal devices connect to the internal network, carry documents, store e-mail, and more, all of which can compromise your organization's IT security.

Contrary to what we might think, the digital transformation of the company is not about reconciling generations, but about accompanying cultural change.

3.4. Development of the bank's business model

The banking industry is reviewing its business model to be able to integrate into this current ecosystem. This involves strengthening the agency network, innovation in the services to be offered and seeking additional revenues.

The digital revolution for the banking sector has prompted strong reflections on the network of branches. The fact that the bank's network of branches weighs considerably in terms of costs, without this being very profitable in view of the fact that there is a real decrease in the number of individuals going to the branch. The goal for these institutions is to reinvent the concept of a network of agencies, and thus lower costs, achieve synergies, and obtain economies of scale. It happens to be one of the major objectives for a bank. The need to optimize its branch network.

Indeed, the banking sector's business model has been severely challenged in recent years, particularly by the increasing use of online communication.

However, despite the importance of the branch network for the bank, particularly for customer relations, in the financial sector. Statistics tell us that the number of bank branches in France from 2016 to 2020 will be decreasing. Thus, according to a study conducted by Sia Partners on different institutions, the number of banking agencies in France will decrease in 2020 compared to previous years, from 37,261 to 32,500.

Direct contact is an advantage over competitors, which can be decisive in particular when banking a customer by opening an account. The banks' strategy is not primarily focused on reducing their network of branches. But rather by relying on studies of the implementation and optimization of marketing actions using tools such as geomarketing (Beziade, Assayad 2014).

Modern agency models are then born, reinvented, some fully or partially automated, the decoration and presentation is also there to obtain structures very welcoming for customers.

Bankers are trying to build the concept of the bank of tomorrow, which could better respond to the current context and customer trends and codes. Another idea is to consider categorizing bank branches according to customers' profiles and characteristics. The ultimate goal is simply to be more profitable.

Another development in the banking sector would be to diversify the business, offering more digitalized products and services. "Reinventing service means offering a new business model that fully integrates the power of innovation and meets new customer expectations" (Denis, 2019).

The digital and the amplification of the latest technologies is a tool that makes it possible to achieve these objectives, through the implementation of applications specially designed for banks, with ease of use for the customer who can have access to basic services, such as the management of his accounts, just by being connected to the Internet, and this at any time.

This is how e-Banking emerges, which likewise has the interest of taking advantage of the many advantages conferred by the Internet, and of making barrier to online banks, non-bank players in fintech and online distribution.

Banks' search for new sources of revenue is another matter for reflection. Technological advances could be used to generate innovative ideas, which could bring additional income to the bank alongside traditional products (Lavayssière, 2015).

The resolutions of the banks on the subject have at least been implemented, referring to many banks that launch new products that pay for purchases on the Internet or that allow secure transfers of money. In order to corroborate the relationship with the customer, and thus to effectively influence the possible sales of banking products and services.

In addition, banks are committed to seize the opportunities arising from the use of the concept of big data, as a means of generating additional revenues.

The bank of the future must be in a position, putting it in the capacity to provide personalized and innovative services adapted to the needs of each client, this will represent a transition from a system based on physical contact which is not very often done with however a high value added to very frequent virtual interactions, with low personal value, but which, in the end, present a significant value for the bank.

Digital is a crucial process that must enable financial institutions to recover or maintain the customer relationship by offering them innovative and easy-to-use services, for which it would be able to leapfrog afterwards, but which transcribe it in a climate of reliability, and make it more favorable to subscribe to these banking services and products which are provided to it more adequately.

In order to better understand and satisfy the customer, some banks do not hesitate to opt for the personas method, a bonus to the bank engaged in its digital transformation.

It consists in establishing the typical profile of the target of the bank, widely used in marketing, this method is the fictitious representation of a person belonging to a group of individuals with similar behaviors, motivations and objectives.

So once the typical customer is identified, it will allow the bank to be more efficient when it designs its products and services (website, application etc...).

3.4. Evolution of banking business

The digitalization that affects the banking sector manages to reform it in these deepest axes. Its functioning, its organization, its interactions, its products all have undergone changes. But it doesn't stop there, because the banking profession is also evolving.

A complete and exhaustive preaching of the future business of the bank is certainly not possible at the moment. However, we can now describe and explain the possible effects and consequences of digital technology on the newly emerging professions.

In addition, a wide range of professions flourishes with reference to what used to be done, the difference lies in the incorporation of the digital aspect.

Two main categories of business are impacted by digitalization, administrative management operations, and customer service business.

According to the Bank's Business Observatory, "by 2025, banking entities will have fully grasped the digital changes and will therefore be able to offer each customer personalized processing".

Also according to the observatory of trades "Since 2011, there are 26 benchmark trades in the bank, by 2025, some will be driven to disappear, others to transform profoundly".

Among the jobs that are set to disappear are three main activities. "The professions close to the administrative management, the monitoring and control of the current operations as well as the collection and interpretation of simple activities" (Credit Exchange).

The decline of some banking professions is the result of the use and integration of several digital technologies such as automation and artificial intelligence.

For the administrative manager, namely the Back Office functions, the generalization of digitalization has had the effect of reducing and simplifying administrative work, mainly that carried out manually and which required rather long production times. For example, the filing and archiving of documents should soon be fully dematerialized and automated.

This saving of time is therefore used on more relevant operations such as control, processing and verification.

As for the jobs that will be transformed, those of the customer managers, who are particularly at the heart of the customer relationship, will have to evolve with the arrival of new technologies.

In particular, in the understanding of the needs of customers, which in the light of this digitalization will probably be facilitated by the use of virtual interaction media. The contact with the customer will thus have to be through several channels (social networks, website, etc...).

Also, the financing activity, i.e. credit operations, financial analysis, the implementation of financing plans and the implementation of guarantees will be supported by Artificial Intelligence.

4. State of play of the digitalisation process in Algeria: case of ABC bank

This part will briefly present the Algerian banking sector at first. Then, we will discuss the general perception of digitalization in Algeria. We will end with the digital strategy according to ABC Bank, a banking institution operating in Algeria.

4.1. Brief Presentation of the Algerian Banking Market

The Algerian banking sector consists of six main state banks, BNA, BEA, BADR., BDL, CPA, CNEP. It also has fourteen foreign-owned banks, including ten subsidiaries and three branches of international banks and one mixed-capital bank.

At the moment, there are no private banks with Algerian capital operating on the national territory. Private banks in Algeria, branches are HSBC Algeria, Citibank Algeria and Arab Bank Plc. The subsidiaries are Société Générale, BNP Paribas, Natixis Algerie, Crédit Agricole CIB Algerie, Arab Banking Corporation ABC BANK, Housing Bank for Trade and Finance, Fransabank Al Djazair, Gulf Bank Algeria, Al Salam Bank and Trust Bank Algeria. The mixed-capital bank known as Al Baraka Bank.

According to the Bank of Algeria, the Algerian banking market is composed of 1469 branches. Of which 1123 public bank agencies, against 346 private bank agencies. "There is therefore a bank counter for 25,660 inhabitants compared to, for example, an agency for 7,437 inhabitants in Tunisia" (Sekak, 2017). We note that the Algerian banking market is not very dense compared to neighboring countries. The establishment of banks in Algeria is also characterized by poor distribution of networks. Despite the fact that public banks are present in almost all wilayas. Private banks tend to be located in large cities in the North of the country.

A few foreign banks, more specifically French banks, have strongly contributed to the development of the density of the Algerian banking market. Two of them have more than 70 agencies. BNP Paribas with 71 branches and Société Générale with 87 branches.

In addition to these, Gulf Bank Algeria has 63 branches. These three private banks have developed considerable activity in providing services to individuals. Not forgetting two establishments, Natixis Algérie with its 28 branches and ABC Bank with 25 branches, which are particularly geared towards corporate clients.

The number of employees in the sector is estimated at 36,287 and 6,500 are attached to private banks. Regarding the number of bank accounts, there are a priori 12 million in the country. Another characteristic of the Algerian banking sector is the offer of services which is not very diversified compared to more developed countries. Whether it is provided to individuals or to businesses.

4.2. The digitalization of the banking sector in Algeria

"Algeria ranked 76th worldwide in ICT adoption, mobile telephony and broadband and the number of Internet users, according to the World Economic Forum (WEF) report on global competitiveness for 2019" (Mehenni, 2019). The adoption of new technologies in Algeria is therefore on the increase, which would be a good sign.

With regard to the digitization of services, although it is still timid, we are nevertheless observing a trend and a desire to adopt and integrate digitalization in the field of finance. Algerians, in fact, have embraced connection media and digital in their daily lives. Whether it's younger or older. Algerian banks are therefore obliged to respond to new market trends, by embarking on a digital transformation, although it is less impressive compared to the advanced countries, but it is there in particular.

This is what former Finance Minister Abderhmane Raouya says in a statement that 2018 is expected to see significant developments in financial digitalization, in favor of modernizing the financial systems of public banks and implementing the measures introduced by the Finance Act.

In the same vein, at a conference dedicated to banking digitalization, the latter announced that four public banks (BDL, BADR., CNEP and BEA) are in the final stage of the renovation of their financial systems pending the completion of the same process by BNA and CPA. In this regard, under the 2018 Finance Act in force since January 1, all merchants are required to have an electronic payment terminal (EPOS) by the end of 2019, thus encouraging the transition to a digital economy.

This digital evolution of the Algerian banking sector led to the emergence of a digital agency of the National Bank of Algeria (BNA) in October 2018, which represents a first for public banks throughout the national territory. Modernization of the agency concept, the objective of which is to outsource the services provided to clients, in this case individuals, saves considerable time, which will be allocated to advisory and financing activities directly in favor of a client, is considered to be more important in terms of profitability. This latter agency trend fulfills all the functionalities of a traditional agency. It even manages to maintain close contact through the Visio conference materials available to the customer to interact systematically when necessary with the institution's customer representatives.

The first bank to introduce the concept of digital agency in Algeria, even before the National Bank of Algeria, was BNP Paribas El Djazair., which was later adopted by Natixis Algérie.

The observations of recent years have highlighted that the digital transformations have not reached their end point, and there are still a number of mechanisms to be put in place. However, it should be noted that the evolution of the digital economy in our country is on track, guaranteeing consumer safety and trying to restrict any fraudulent maneuver in this new model, which will be the main concerns in the future, for the success of the move towards digital in the Algerian banking sector.

4.3. Digitalization at ABC Bank

ABC Bank (Arab Banking Corporation), incorporated is an international bank headquartered in Manama, Kingdom of Bahrain. Their network is spread over five continents, covering countries in the Middle East, North Africa, Europe, the Americas and Asia.

ABC Bank, founded in 1980, is listed on the Bahrain Stock Exchange and its main shareholders are the Central Bank of Libya and the Kuwait Investment Authority. ABC Bank is a leading provider of trade finance, treasury, project and structured finance, trade unions, corporate and institutional banking, and Islamic banking. They are also working on a strategy to expand the retail banking network in the MENA region.

Although ABC Bank is licensed as a corporate wholesale bank by the Central Bank of Bahrain, this does not prevent it from being present in other niches. ABC Bank provides retail banking products and services to individuals through its subsidiaries in Algeria, Egypt, Jordan and Tunisia.

ABC Bank is implementing its digitization strategy for its business in Algeria, while being managed by the Digital Banking and Retail department at the head office in Bahrain. The Bank's retail business has built a significant distribution footprint and has invested heavily in technology to deliver diversified, regional and sector-specific products and services in all geographic areas.

It tries to offer traditional and customized products and services. The means used to achieve this objective are as follows: continuous training of staff teams, a customer-centric strategy, a variety of distribution platforms (multi-channel strategy).

The bank's teams then commit to providing an impeccable customer experience across a variety of service platforms and customer contact points. By developing holistic personalized financial solutions built around customers' needs and aspirations, products and services are aligned with the lifestyle that allows their customers to meet their financial needs. All these efforts led to the launch of an application in 2018 called ABC Digital, which is an online banking service, designed to better meet the needs of its customers. Accessible anytime, anywhere 24/7 for use with any device via the internet (computer, tablet and smartphone).

ABC Bank, has embraced digital in a number of innovative initiatives. With ABC Digital, the Bank's leading online banking platform, it has successfully implemented one of the most vital phases of its digital strategy to provide seamless and comprehensive online banking services to customers. Across its product lines, they are reorganizing their Omni customer channels with a new, cutting-edge digital platform to improve the customer experience and drive future growth. The new digital platform offers a thoughtful range of services, benefits and solutions and allows them to be more agile by offering this directly to their customers.

ABC Bank's Digital Banking department provides the leadership and guidance needed to transform the bank into a digital solution and implements the strategic approach, positioning the bank as the best digital bank in the region. With this new remote banking platform, ABC Bank is investing more in digitalization, which is now essential to ensure both mobility and availability, which customers are demanding. This is now a reality if you have an electronic device (computer, tablet or smartphone) and an internet connection. According to ABC Bank, this service offers more features that make everyday life easier for Algerians. In other words, it is becoming possible, as other banks are already doing.

The application offers a variety of functions. It allows a transfer from account to account, the execution of the operation is fully digitized. The customer will receive a notification of completion once the transfer is complete. Note that the processing here is 100% automated. It also allows for interbank transfers and RTGS (Real Time Gross System), the amount of which must be less than DZD 1 000 000. The transfer instruction will be notified to the Agency and the Operations Directorate, using a specially designed email address. Upon receipt of the notification, the agency director will have to validate the transaction on the application.

Foreign exchange transfers abroad (foreign exchange accounts) is also a service offered through the application. The currency transfer instruction will be notified to the Agency and the Operations Directorate at a dedicated email address. The reservation of funds necessary for the transfer of currencies and the amount of the transfer fee in DZD are fully digitalized (automated). Upon receipt of the notification, the agency head will validate the transaction and continue processing in accordance with the foreign currency transfer procedure. The Operations Branch will continue processing the instruction in accordance with the current transfer procedure. Note that the processing here is semi-automated.

The other option is to apply for a bank check. The instruction to request the bank check will be notified to the account keeping agency. On receipt of the notification, the Back Office of the Agency will draw up the bank check in accordance with the procedure in force. The account manager will contact the customer to pick up the bank check. The processing is then semi-automated.

The application for a time deposit is also accessible via the platform. The instructions for requesting the opening of a deposit with agreed maturity shall be notified to the account keeping agency. Upon receipt of the notification, the customer representative will contact the customer to inform them of the applicable conditions and rate and schedule

the appointment with the customer. It should be noted that ABC Digital allows remote initiation of the transaction. The latter is finalized in agency.

Two other types of services that facilitate customers' daily lives through ABC Digital are the request for a statement of account and the request for checkbooks. The account statement request instruction will be notified to the account keeping agency. On receipt of the notification, the agency's Back Office will prepare the statement of account or the checkbook request. The customer representative will contact the customer to pick up his account statement or checkbook from the agency. Note that processing is semi-automated for this type of operation.

For businesses, paying their taxes (G50) is one of the many functions of the platform. The transfer instruction will be notified to the account keeping agency and the Operations Directorate. Before the deadline for payment of the tax, the Operations Directorate will have to execute the transfer via RTGS even if the amount of the transfer is less than 1 million dinars.

Another option for customers of ABC Bank is the possibility to subscribe to an online pre-domiciliation. Once the transfer instruction is completed, it will be notified to the Agency and the Documentary Operations Directorate. Upon receipt of the notification, the Documentary Operations Directorate will process the pre-domicile according to the current procedure.

In addition to the variety of features introduced, this application provides great security to its users, by introducing two-factor authentication, via one-time passwords (OTP) that can be generated with the ABC Bank application. This tends to reassure customers.

Conclusion

Banks have understood the need to digitalize their business, which has undoubtedly become not an option but an obligation. To sustain and not fall into decline and obsolescence.

Of course, this represents risk-taking, to reform and revise all the maneuvers of the banking sector. But, the risk was always in the veins of a banker and was originally his job.

The need for transformation was driven by two driving forces. The first is based on a desire to adapt to the behavior of potential clients, who closely follow the digital ecosystem in which they operate, and thus express expectations and needs in relation to the bank. The second reason is to create barriers to the many newcomers to the market, who compete directly or indirectly with banks, and who, through their mastery of Web 2.0 technologies, have made their way into the financial industry.

On the other hand, the consequences of digitalization on the banking sector, as has been noted and observed, are reflected, as transformations taking place in different areas of banking. Indeed, it's not just the use of digital channels adopted by customers. This involves profound changes, whether in the optimization of the customer journey, operational procedures, internal operating practices, and finally the revision of the bank's business model as a whole.

Another aspect that is directly affected by digital technology is the banking profession. In particular, two of them, that of administrative manager who deals with downstream operations, and that of client manager intervening more upstream. Some of them will have to be deleted because of automation of tasks, especially administrative ones. And the others will evolve, especially those who come into direct contact with customers, strengthening their business with digital supports.

This suggests that these transformations are a contribution to the banking industry, highlighting advantages, facilities, speed of execution, cost reduction and profitability.

In terms of strategy, banks will need to arm themselves with innovative ideas that will allow them to revolutionize the model in which they are located, and thus be able to compete with Fintech.

A few banks in advanced economies are choosing a radical strategy, that of investing in the purchase of these innovative start-ups, which make them integrate these technologies more easily and faster.

For other banks, the digitalization strategy will go through several steps. The implementation of a multi-channel maneuver, the integration of the Big Data technique, the renovation of the service offer. Banks are also required to train their employees, and to recruit more qualified people who can help build the bank of tomorrow.

As for Algerian banks, they are indeed starting to transform. But at a slower pace, commensurate with what the country's economic environment offers. Laws have indeed been adopted and are awaiting final implementation, particularly in the context of electronic payment. This will strengthen and support the digitization of Algerian banks.

In the case of ABC BANK, it is in the midst of digital transformation. At the moment, its strategy is mainly based on improving online visibility, developing a new commercial channel, offering a range of remote services to the bank's prospects and customers. An application has been set up for this purpose, ABC Digital, which allows access to certain services without having to travel in an agency. However, it does not intend to stop there, and is considering investing more in this niche and living up to a more complete transformation. With a view to making available to their customers a "virtual agency" with all services.

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