

## **IT OUTSOURCING IN BANKS**

Outsourcing is a transfer of a part of the business processes to a third party by the contract. Under the Russian law, not all of the types of banking transactions can be passed to outsourcing.

They are the following:

- monitoring of client work, work with the client orders carried out by real estate agencies and mortgage brokers;
- solving problems of debt repayments carried out by the collector agencies;
- managing and administrating the security services of banks;
- inviting of the cleaning companies, specialists in fire suppression systems, alarm and video surveillance, HVAC equipment, and ATMs;
- IT-service [1].

There are business processes which cannot be transferred to outsourcing, they bring money to the bank and ensure its uniqueness and competitive advantage. These kinds of business processes are determined by each bank in accordance with the development strategy of the business.

When we tell about outsourcing of software development processes, testing and maintenance of IT solutions, the benefits are clear:

- non-core assets;
- release of internal resources. IT-specialists would have an opportunity to get away from routine, they get analytical, managerial and supervisory functions;
- tax savings.

Despite the obvious advantages banks do not want to use outsourcing because today the market of outsourcing services is underdeveloped in Russia and it is difficult to find an interesting competitive proposal for price and quality. Therefore, banks are forced to perform many functions themselves.

Business traditions are also one of limiting factors, there is a lack of understanding of the necessity for delegation of functions to a third party in the bank corporate culture.

But outsourcing - it is also a risk. There is a dependence on the contractor. It would be naive to believe that the full transfer of IT functions to a third party (commercial organizations) will lead to a significant cost reduction and prosperity of the bank. Most business organizations will flourish, and the bank will fall into complete dependence on them, and their services will be more burdensome for banks from a financial point of view. Therefore, the best solution would be a combination of internal and external resources and joint solution of problems of integration of various information systems. The control of an outsourcing partner should be implemented by the IT services of the bank.

If we compare the Russian market of IT outsourcing and the one of America, Europe or Asia, we will obviously see the backlog. Now we are at the beginning of this journey. We need in a period of adaptation to get used to the "cloud" and even

more to the "public cloud" services. The reason is "reasonable" conservatism of the banking sector, which fear for their clients' money, his own money and his reputation [2].

It is clear that in the coming years, IT outsourcing in banks will pass a new round of development and IT functions transferred to outsourcing will only expand.

References:

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