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GLOBAL FINANCIAL SYSTEM AMID COVID-19 PANDEMIC: IMPACT AND RECOVERY MODELS (CHINA'S EXPERIENCE)

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Abstract

The paper highlights the key aspects of the national policies of the world's leading countries and efforts taken by banks amid the COVID-19 pandemic, focusing on the peculiarities and advantages of the Chinese strategy for adjustment of the national banking system to the situation on financial markets as a result of the economic and social crisis triggered by the pandemic. The author concludes that the COVID-19 pandemic had a dual impact on the global financial world, causing an economic and social strain on the one hand and becoming an incentive for the accelerated development of Fintech, electronic banking services, creation of financial ecosystems on the other hand. Chinese banking institutions demonstrated a high level of stability, creativity and social responsibility under circumstances the global financial system had never faced before. China's successful experience in regulating and supporting banking activities during the fight against the COVID-19 pandemic shows that China's integration into the global economy has not led to the country's dependence on external factors. The author believes that China's experience in the sphere of banking business regulation and support, as well as efforts taken by the PRC's major banks amid the pandemic, is an example of an efficient model for transforming a critical situation into a platform for further growth and may be useful for the global financial community.

Keywords: COVID-19 pandemic, Chinese economy, digital economy, Fintech, financial globalization, financial regulation

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1. Introduction

"Pandemic depression" has had a significant impact on the global financial system, triggering global-scale processes of adjustment of banking institutions to a new socioeconomic reality. For the first time the global financial system has faced a global economic and organizational crisis, which was caused not by errors and malfunctions in the operation of international financial institutions and market mechanisms, but is a direct consequence of freezing the financial and economic relations caused by the human health situation – COVID-19 pandemic.

The existing situation redefines scholarly discussions held in the international academic community due to the financial crisis in 2008. There is Joseph Stiglitz's (2010) plea for the critical review of the neoliberal model of self-regulating market and implementation of structural reforms. Martin Wolf deliberates about the responsibility of the developed countries for the future of the global economy and about shifts in the geo-economic power from the West suffering a setback to the growing East (Wolf, 2008; Wolf, 2014), etc. They both prove to have a certain basis in fact amid the pandemic. A vivid example of the appearance of new trends in the global financial system is a phenomenon of China, which was the first to face the COVID-19 attack and yet has become the only major global economy growing confidently despite the pandemic.

According to the data of the National Bureau of Statistics of the People's Republic of China announced on October 19, 2020, the China's GDP growth rate for the period from January through September was 7%. In the second quarter the PRC's economy overcame the slowdown, which occurred for the first time since 1992, associated with coronavirus restrictions. Despite the forecasts of a number of analysts (Egoshin et al., 2020), the China's "window into the post-COVID future" (Hedrick-Wong, 2020) was not the GDP drop but its consistent growth. Hence, the study of the Chinese experience in the economic policy amid the pandemic is one of the most relevant scientific missions. Results of such studies are important for not only further development of the PRC's modernization strategy, but also are interesting in the context of comprehension and forecasting of global and regional economic processes.

Activity of Chinese lending institutions is an independent aspect of successful mitigation of the economic consequences of the pandemic in China. By March 2020 Chinese banks had managed to defeat the COVID-19 pandemic and to create conditions for bringing financial institutions and industry of the PRC back to the normal operation. In this case, risks of the integration of national banks into the global financial system, a threat which grows manifold amidst instability of global capital markets, were mitigated (Crockett, 1997).

According to J.W. Goodell, topics of the COVID-19 impact on financial markets and institutions appeal to academic papers of the past years dedicated to pandemics and other events roughly similar to COVID-19, pointing out possible topics for future research (Goodell, 2020). However, the current situation in the global economy has a number of fundamental differences. For instance, an adjustment of the financial sector to mobility restrictions and other problems occurs amidst vibrant digitalization of the global economy and social relations (Lee & Shin, 2018). Hence, for financial systems of countries and regions covered by modern electronic banking COVID-19 has become an incentive for further technological development and appearance of new trends in business. In particular, this tendency has emerged in China, where Fintech perceived by banking business and experts as a path into "a better working world" is growing rapidly (Xin et al., 2020). It should be noted that the "awareness of Asia being the centre of the Fintech universe" is defined by experts as one of the major trends expecting to shape the Fintech market in 2020 (Marous, 2020).

In this article the author highlights peculiarities of the Chinese banking system operation amid the COVID-19 pandemic, including on external markets, in order to identify the most crucial parameters of this model of financial policy, which demonstrated high efficiency amidst global instability and economic slowdown.

The study is performed on the basis of comparative and logical methods by means of generalization of expert opinions, econometric and statistical data, etc. The paper's database consists of data from official websites of the PRC's banks and ministries, the World Bank, speeches of state leaders and banking business leaders. The article contains an attempt to reconstruct a general pattern of crisis response measures taken by the world's leading countries for the purpose of strengthening their financial systems amid the COVID-19 pandemic, focusing on the PRC's national policy and operations of its banks.

2. Problem Statement

Though there are numerous research papers dedicated to global financial crises of the past, the topic of the COVID-19 pandemic's impact on the global economy only starts to be investigated.

Existing studies of peculiarities of the global banking system operation amid the COVID-19 pandemic basically relied on the data of the first half of 2020 and have a predictive nature, without addressing trends of the subsequent period. This paper is an attempt to fill this gap by analysing the China's national policy and policies of its financial institutions in the context of the global economic situation in 2020.

3. Research Questions

The subject of the study is the activities of the state bodies and banks in China in the context of the COVID-19 pandemic.

4. Purpose of the Study

The purpose of this paper is to study the methods and results of the recovery from negative consequences of the COVID-19 pandemic's impact on international financial markets and banking institutions using the latest experience of the People's Republic of China as an example.

5. Research Methods

The study was carried out using the methods of inventory analysis, content analysis, a comparative method, expert assessments. On the basis of the synthesis of the available information and scientific

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forecasting, the article offers promising measures for improving the stability of the global banking system and its components.

6. Findings

6.1. National and Bank Policies for Recovery from Pandemic Consequences

As the situation around the COVID-19 pandemic develops, banking systems of all countries of the world face the following tasks: to maintain conventional business and client bases, to develop a set of institutional measures for support thereof, as well as the entire population of their respective states. The third is to adjust their operation to new and more complex operating conditions, including by means of implementation of modern high-tech solutions.

Though banks are not directly affected by the COVID-19 pandemic, unlike retail business, service industry or the mass entertainment sector, the financial system is in the centre of socioeconomic life, because banks provide investment assets to companies and individuals. And the stability of their work is crucial for the support of the operation of national economies and the global economic system (McIntyre et al., 2020).

It should be taken into account that international capital markets also suffered a specific destabilizing impact of the pandemic. If the market volatility continued to encourage risky operations of investors before (Crockett, 2000), today they "have rushed for safety and liquidity" (IMF, 2020). The IMF's April report on global financial stability predicted the prospects of loss of access to the market by leveraged companies, growth in defaults and other negative consequences of the pandemic. The same document indicated the need for a "strong policy response and international cooperation" for the solution of existing problems (IMF, 2020). Yet, unlike the global financial crisis in 2008, when a political and financial consensus of major sectors of the global economy was reached, amidst the COVID-19 pandemic there was virtually no efficient international coordination, no single authority for the coronavirus epidemic response, and recovery from its consequences in economies of separate states was established. Financial and economic consequences of the absence of such international crisis management institution make it difficult for national banking systems to recover from the financial crisis and are noticeable both through banking services supply channels and in terms of their consumer demand.

The crisis caused by the "great lockdown" cannot be handled by standard methods for recovery from the economic slowdown via the increased stimulation of the aggregate demand, since it would contradict contact restriction measures, which is a priority over business interests (Gopinath, 2020). Therefore, a key mechanism of the support of the most affected economic sectors is a direct and indirect financial support thereof, where banking institutions are directly involved. The governments of the leading countries of the world take measures independently of one another in order to mitigate the negative impact of the pandemic on their economies and financial systems, taking into account the local epidemiological situation and using national economic resources. For instance, in Russia a number of decisions aimed at the COVID-19 pandemic response were made based on the results of the ministerial meeting on economic issues on March 21, 2020. They included the approval of the Plan of the Priority Measures (Actions) for ensuring a sustainable development of the economy amidst the aggravation

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caused by the spread of the coronavirus infection on the basis of the financial fund totalling RUB 300 billion (USD 3.8 billion). This Plan provides for an extension of the soft-window facility programme by the banks and restructuring an option at affordable rates of previously issued loans.

In March 2020 the U.S. Federal Reserve System took a number of decisions aimed at the support of the national banking system amidst the pandemic. Interest rates were reduced, the purchase of securities was resumed totalling USD 700 billion; the coordination of actions with a number of the major central banks was established in order to ensure the US dollar liquidity on the financial market. The U.S. Federal Reserve System also encouraged commercial banks to use substantial equity capitals to increase business and household lending (Coelho & Prenio, 2020).

The European Central Bank took a number of measures for the protection of the banking system against the negative impact of the COVID-19 pandemic. In particular, these are providing for sufficient liquidity, implementation of the programme for purchase of sovereign bonds, lifting restrictions imposed on banks amidst the "great pandemic shock", etc. 10 billion euros was allocated from the EU budget as a security of the European Investment Fund for the purpose of stimulation of the banks' activity. The European Central Bank (ECB) also grants loans to commercial banks for support of their lending programmes for companies mostly affected by the spread of the pandemic, small and medium-scale business in the first place.

In Great Britain, a government economy support package was approved worth GBP 350 billion. The British Business Bank implemented tools for mitigation of the coronavirus effect on the country's financial system using a special lending programme providing for the prevention of termination of the economic activity. In March 2020, a second package of support measures was announced in England worth GBP 350 billion, from which GBP 320 billion was allocated for guaranteed loans and GBP 20 billion was allocated for the reduction of taxes and payments for business. New lending tools for large companies and three months holidays for mortgage payments for borrowers that suffered losses due to the pandemic were introduced (Goodell, 2020). In France within the framework of the support of the national banking system, the government and Banque de France negotiated for the rearrangement of bank loans, mobilized by Bpifrance for security of bank money lines, which might be needed by companies and financial institutions due to the COVID-19 pandemic. The government of Italy, which was most severely hit by the COVID-19 pandemic, allocated EUR 25 billion for the support of the national economy. The Italian parliament defined target deficit indicators for EUR 20 billion within the framework of implementation of economy support measures, which included government guarantees of bank financing and granting loans to companies for increasing liquidity amidst the pandemic. A number of steps were also taken by a group of the states to coordinate the financial crisis response policy. On March 15, 2020, the Central Banks of the USA, Canada, Great Britain, Japan, Switzerland and the European Central Bank agreed to reduce the value of liquidity exchange transactions in USD. This type of swap transactions enables companies to take USD loans bypassing their national currency, which makes USD loans cheaper outside the USA. Moreover, the Basel Committee on Banking Supervision (BCBS) developed new requirements for the banks in the field of the methodology for the assessment and record of loan losses, aimed at encouraging the banks to issue loans for the public and private sectors of economy, which were introduced by banking regulators in a number of countries (Zamil, 2020).

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In China the government introduced a set of measures in the banking and financial sector amidst the COVID-19 pandemic, aimed at improving the efficiency of its operation under new and complex conditions and at the involvement into implementation of the government programme for recovery from the pandemic's negative impact on the national economy and social sphere. After the statement made by Chairman Xi Jinping of the People's Republic of China at the special meeting of the Standing Committee of the Political Bureau on January 25, 2020 about the growing spread of the COVID-19 pandemic and the need to take systemic response measures, Chinese banks took more active steps to create institutional protection against the pandemic. They involved the implementation of new business practices. In January 2020 the China Banking and Insurance Regulatory Commission (CBIRC), exercising control and coordination of the operation of the country's banking and insurance sectors, issued pandemic response guidelines for financial institutions, which included, inter alia, preventive measures. This document set a task for the PRC's banks to strengthen financial support of key industries of the national economy, the most affected regions, as well as companies engaged in infection prevention and the pandemic response. For these purposes the companies had to set a system of flexible loan repayment for individuals, who suffered from coronavirus (including mortgage loans); banks and other financial institutions were instructed to provide the financial support to medical facilities and research centres engaged in COVID-19 response actions.

On the global scale under the negative impact of the pandemic in 2020 most national banking systems faced the growth of outstanding balances on loans granted to small and medium-scale businesses, which was a result of decrease in earnings of the small and medium-scale business. Commercial banks also faced an increase in bad loans. (For the purpose of recovery from this situation, the PRC's commercial banks increased their reserves for possible bad debts in the first quarter of 2020, totalling approximately RMB 5 trillion).

The Chinese government recommended the banks to expand terms and conditions for granting loans to businesses and commercial lessors for the purpose of decrease in rental fee. In March 2020 the People's Bank of China announced further reduction of reserve requirements imposed on certain banks in the country in order to release RMB 550 billion (EUR 70.3 billion) of liquid assets for the support of the national economy amid the pandemic (Xin et al., 2020). This resulted in the reduction of one-year and five-year key rates (at which the banks issue loans to the most creditworthy corporations) for 0.1% and 0.05%, respectively.

The global experience showed that an increase in outstanding loans caused by the pandemic affected above all small and medium-scale banks having lesser assets and, hence, lesser stability on the financial market. The PRC takes systemic measures to support such banks: for instance, Vice-Chairman Cao Yu of CBIRC in his speech in April 2020 announced the CBIRC's further plans on institutional reform and financial support of such banks to strengthen their positions in the financial world amid the negative impact of the COVID-19 pandemic making work more difficult. Following the order of the Chinese government, the public funds are pumped into small and medium-scale banks for the purpose of reduction of financial risks, which improves their stability and extends possibilities for financial operations. The Bank of Gansu adopted a recapitalization plan assisted by a number of government-owned companies. The Bank of Jinzhou also announced over RMB 12 billion added to its assets from two

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government-owned companies. At the same time, despite the growing scope of bad loans in Chinese small and medium-scale banks, experts see no reasons for a crisis to occur. Amid normalization of the general situation in the financial sector in the post-pandemic period, such defects of the bank capitalization will be repaired in the course of the operation of the financial institutions (Xin et al., 2020).

Hence, amidst the COVID-19 pandemic emergency, the Chinese government and banks implemented a set of urgent, consistent and efficient measures for the organizational and financial support of the national banking system, affected industries of the economy by granting substantial soft loans, reconsidering terms and conditions of the existing loans and creating safe conditions for work of employees and clients.

In China the negative impact of the pandemic was minimized and manifests itself only indirectly in the system of interbank relations with other countries, the economies of which were badly hit by the pandemic spread, namely the USA, Canada, European Union and others. If further development of the pandemic (“second wave”) triggers a large-scale economic slowdown in those countries, resulting in mass defaults, unemployment, human losses, huge funds will be required for renewal of production and business, and relief and charity foundations alone will not be able to cope with such task. Such situation may cause a sovereign debt crisis, taking into account government measures in the European Union funded mostly out of the national debt.

Negative factors of the “pandemic depression” impact on the global banking system include temporary reduction of operating activities, growing instability on foreign exchange markets, decrease in assets, tear in financial and production chains with companies, household and office work difficulties. Amidst stock market decline, lending market conditions have become more stringent (Acharya & Steffen, 2020), etc. At the same time, the need to adjust to work under new and less favourable conditions led to the development of the latest technologies in the IT industry, expansion of the client market via online communications, strengthening of interbank business ties in the virtual space, expansion of the range of services provided by banks to the customers, etc., in the system of operating activities.

6.2. Development of Financial Technologies and Services amid COVID-19 Pandemic

The world’s general trend in the operation of institutions of the financial system in the 21st century is perfection of digital technologies and measures for ensuring the convenient access to financial services for the clients and comfortable conditions for staying at home. Extraordinary conditions of the COVID-19 pandemic had a transforming effect on banking operational technologies all over the world. The global financial community experiences a rapid shift and application of new external and internal communication channels and communication methods for the purpose of reduction of physical contacts. The scope of the implementation and use of digital technologies grows. Most world banks have expanded their types of services, where digital signatures and electronic filing of documents are permitted.

The application of the China Merchants Bank offers not only services of money transactions, issuance of credit cards and insurance, but also a service for household needs – food delivery, recipes, containing information section: trainings, real-time news about the pandemic, medical advice online, etc. Within one month after the extension of the application functionality, 100 million people visited the China Merchants Bank. 1.6 million bank customers received medical advice online.

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In China, CBIRC published the recommendations for the extension of using internet banking and digital platforms to provide information and customer services. In April 2020 the Commission launched an official account in the Chinese alternative for WhatsApp – WeChat. Press-releases and documents are posted in the messenger. Ping An Bank, one of the national commercial banks of the PRC, for the purpose of extension of the range of financial services that can be received on a remote basis, created a Do It AT Home service. It launched the Pocket Bank online application for using the banking products and services, including transactions, foreign exchange, asset management, insurance, private banking, taking trainings and courses. The bank also created a special customer support service using artificial intelligence for around-the-clock receipt of inquiries, since most call centres were closed, and load on the remaining centres increased. Ping An Bank started to issue analytical reports on the development of the COVID-19 pandemic around the world.

The ICBC financial institution took an active part in the organization of "green corridors" – channels for provision of financial services offering priority processing of payments under trade contracts on the purchase of medical equipment, pharmaceuticals and personal protection equipment from abroad. For instance, the Tokyo branch of ICBC launched a special programme for uninterrupted transborder payments and trade financing transactions between Chinese and Japanese companies.

An important aspect of response measures against the negative impact of the pandemic on the banking system both within the framework of national economies and on the global scale is implementation of a plan by the banks for protection of employees and customers against spread of the COVID-19 virus. Many banks made arrangements for the work of certain categories of their employees on a remote basis. Customers, who are frequently afraid of staying in crowded public places, must have a chance to carry out financial transactions without direct physical interaction (Streeter, 2020).

Subsidiaries of the four major Chinese banks: ICBC (Industrial and Commercial Bank of China), Bank of China, Agricultural Bank of China and China Construction Bank, representative offices of the China Development Bank and the Export-Import Bank of China made substantial adjustments to their practices. During the COVID-19 pandemic, operating hours were decreased or provision of services to individuals and legal entities in the office was temporarily cancelled except for special cases; financial services were provided in a digital format, etc. At the same time amid the pandemic the PRC's financial institutions implemented information and prevention measures aimed at improving efficiency of operation of banking institutions and their clients under complex conditions. The Singapore branch of the Bank of China issued a special document defining new terms and conditions for the work of the banks: predominantly remote services (mobile banking, internet banking), visiting the bank's office by appointment, etc.

Amidst the global pandemic the global financial system experiences a decrease in use of cash, including due to possible risks of infection spread through cash (Auer et al., 2020). In the context of increasing overall technological effectiveness of the Chinese banking system and as a coronavirus response measure, China started to use digital currency in four cities: Shenzhen, Suzhou, Xuanzang and Chengdu, which made the country closer to the role of the first cashless state in the world. Digital Yuan is a public-private initiative. The new currency is tested with participation of such franchises as McDonald's

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and Starbucks, as well as local companies. At the same time in February 2020, the People's Bank of China urged people not to dispense with paper money at all, but to increase disinfection measures.

Many banks take special disinfection measures in their activity. For instance, the Bank of Korea started to quarantine invoices from local banks keeping them isolated for up to two weeks. During the COVID-19 pandemic, the Central Bank of the United Arab Emirates encouraged using digital services "for the purpose of protection of health and safety of the residents of the UAE" and increased the maximum payment limit for contactless bankcards. The UAE banks were instructed to put new paper money into ATMs to prevent the spread of the infection. The government of China recommended creditors to disinfect physical stock and to put it under quarantine. The U.S. Federal Reserve System started to isolate foreign paper money for a period from 7 to 10 days.

Work amidst the pandemic required great psychological and communication skills from bank employees: they had to build business relations with clients, who were under stress. Chinese banks abroad held charity events aimed at organizational and information support of citizens of the PRC amid the COVID-19 pandemic. For instance, the ICBC branch in Jiangsu province, affiliate in Madrid and representative office in Lisbon, held a number of online meetings with Chinese students studying abroad, at which they discussed the COVID-19 pandemic prevention and response measures. Chinese students in France, Luxembourg, Spain, Poland and Holland received personal protective equipment (face masks).

Hence, amidst the global-scale spread of the COVID-19 pandemic, we witness the growing use of digital technologies by the banks for internal and external communications, creation and expansion of remote service channels for the purpose of the reduction of physical contacts. This process accelerates transformations of the banks into technological companies, which continue to provide traditional financial services as well. The spread of the COVID-19 pandemic triggered a substantial rise in the number of online transactions, which became an efficient measure for the reduction of physical contacts between bank employees and clients, shifting business dialogue into a virtual realm.

Having faced the pandemic challenges, the global banking system activated its resource potential – organizational, financial, technologies and human resources – and implemented a number of transformational processes, which increased its stability on the financial market and ability to act under complex socioeconomic, environmental and epidemiological conditions. A substantial part of newly implemented technologies will remain in operational activity of financial institutions to the full extent. Some technologies will be put "on hold", but ready to be used if such necessity arises.

6.3. Roles of Banks in Support of National Economies and Social Sphere

The Chinese government and national banking system implemented well-designed and consistent measures both in terms of financial support to specific companies and stabilization of the overall economic situation in the country, prevention of manipulations on the financial and foreign exchange markets.

Amidst the pandemic, the China Development Bank started to issue special working capital loans for companies to help them to recover production facilities for the total value of RMB 130 billion and USD 5 billion. By order of the PRC's government, the Export-Import Bank of China and Agricultural Development Bank of China issued special bonds to collect funds for pandemic response measures. In

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February 2020, the China Development Bank issued bonds worth RMB 13.5 billion. Bonds worth RMB 8 billion were issued through the interbank bond market and acquired by the China's leading financial institutions (ICBC, China Merchant Bank, Donghai Securities). Bonds worth RMB 5.5 billion were released for free sale online through ICBC, Agricultural Bank of China, Shanghai Rural Commercial Bank, Bank of Nanjing. Within the framework of this strategy, the Agricultural Development Bank of China also issued bonds worth RMB 5 billion, Eximbank of China – worth RMB 3 billion. Money raised that way is used for granting loans for the production of face masks, tools and equipment for coronavirus response measures. The China Development Bank donated RMB 20 million to the Hubei Charity Federation, created a mechanism for urgent financial aid. The China Development Bank responded to inquiries from central and local authorities within 24 hours, and within 48 hours – to inquiries from companies engaged in infection prevention and pandemic response measures.

For the purpose of support of the national economy, the PRC's banks provided financial assistance to the most affected industries: wholesaling and retailing business, tourism, public catering, etc. The measures included, inter alia, reduction of loan interest rates, granting the loan repayment holiday, etc.

A set of measures implemented by Chinese banks demonstrated efficiency of the financial support of the national production sector, medical sector, social sphere and contributed greatly to the country's pandemic response. For the purpose of the support of the national financial system in January 2020 the People's Bank of China allocated a quota of RMB 300 billion (approx. USD 43 billion) to national and private banks for granting soft loans, including the China Development Bank, Export-Import Bank of China and Agricultural Development Bank of China. Their activities are aimed at financing the large-scale infrastructure and other key projects both in the territory of China and abroad.

The Ministry of Commerce and the Export-Import Bank of China created a system of small clusters for assistance in recovery of production and supply chains interrupted due to the COVID-19 pandemic in transborder zones of seven provinces (Heilongjiang, Guangxi, Yunnan and others). These clusters include production, trade and logistics. By mid-March 2020, the Agricultural Development Bank of China issued emergency loans worth RMB 53.5 billion to over 15 thousand companies engaged in the pandemic prevention and response measures. They provided assistance in renewal of the work for over 2.5 thousand organizations with RMB loans worth 137 billion, a large part of which (78%) was the loans for micro, small and medium-scale companies.

For the purpose of stabilization of the financial position in the country, some Chinese banks limited the scope of high-risk operations, suspended all transactions with foreign currencies, including cash currency exchange. At the same time, the China Development Bank together with the PRC's Ministry of Commerce developed an Assistance Programme for companies engaged in implementation of a large scale project "One Belt, One Road", which suffered from the COVID-19 pandemic. A set of financial support measures includes soft loans, reduction of interest rates on RMB loans granted for infrastructure projects abroad, investments in national and foreign currencies (in particular, loans worth USD 5 billion for production recovery and support). There is also an extension of loan repayment terms, intense interaction with foreign banks participating in development projects, diversified financing services in national and foreign currencies, etc. International payments in national currencies proved to be effective amidst the pandemic. For instance, the financial cooperation between China and Russia within

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the BRICS framework during the COVID-19 pandemic remained stable, ensuring the implementation of large-scale infrastructure projects, including the Silk Road Economic Belt and the Power of Siberia – 2, which are a platform for the development of investment links of China with Russia and Eurasia (Ershov, 2019).

The progress of the COVID-19 pandemic had a significant effect on the internal infrastructure and business space of the global financial banking system: banking institutions implemented mandatory rules of regular disinfection of premises, taking body temperature of employees and clients, short office hours. The number of the clients permitted to stay in the premises reduced, social distancing marking was made. A large number of employees started to work remotely with access to all service databases, professional communication means, etc.

Work in complex and changing circumstances amid the coronavirus pandemic encouraged implementation of radically new business practices in banking, in particular, those based on artificial intelligence, advanced IT applications, communication lines, etc. The interaction between banks and clients must improve understanding and responsibility progress to a higher level. This trend, which appeared earlier within the framework of investment and other financial ecosystems (CFA Institute & Edelman, 2013), acquired additional development incentives amid the pandemic.

Therefore, we can conclude that in the context of the COVID-19 pandemic, the global financial system faced numerous operational problems – organizational, psychological, those related to resources. They can be solved through substantial modernization of the banks' activity, adjustment of their institutional base to changing working conditions.

Customer service via digital channels, guaranteed security of contactless service, systemic loan restructuring and simplified self-governance of financial institutions have become priority areas in changing principles of the operation of the banking system on the global scale.

7. Conclusion

The COVID-19 pandemic had a negative impact both on the global financial system complicating global operational activity of the banks and specifically on national banking systems of various states. The destructive effect of the pandemic on certain national financial systems was different: in those countries where governments managed to take the systemic and consistent coronavirus prevention and response measures (China, Russia), the destructive consequences of the pandemic were substantially fewer and their banking systems were quicker to resume the normal operation.

The promising aspects for improvement of banking business amidst the pandemic are:

- extension of the range of digital solutions to increase engagement of clients in the financial activity of the banks. The pandemic became a catalyst for using the innovative tools of digital banking and new methods of the client-bank interaction;
- financial institutions across the globe must continue to invest money into further development of digital technologies, to convert business information from paper to data media even after the COVID-19 pandemic is over;
- arrangement of full-scale systemic financial customer advice on new solutions available for clients amid the current extension of the range of banking services and implementation of the

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latest IT solutions in business practices of financial institutions. For the purpose of intensification of customer service, a promising aspect in the activity of the banks is extension of the range of their services, creation of investment services, remote customer advice, offer to provide tax and accounting services;

- organizational customer support based on generation of proposals and solutions for loan restructuring and promotion of alternative products;
- ensuring a better coordination of actions of the top international financial institutions of global management for the purpose of resistance to common threat of the COVID-19 pandemic;
- strengthening financial assistance for large-scale infrastructure projects – Silk Road Economic Belt, Maritime Economic Belt, construction of the gas pipeline Power of Siberia – 2, etc., mining in Latin America and Africa, which involves accumulation of substantial investment assets;
- activation of the global financial management system reform project (IMF, World Bank, etc.) in line with new economic and technological reality, increasing the role of new industrial states: China and other BRICS members.

Across the world the COVID-19 pandemic has become an incentive for technological and operational development of national financial systems and the entire banking community: search for new internal and external communication channels, development of innovative digital technologies, basis for creation of new banking products and services.

Most vibrant development of digital banking services and appearance of new technologies in the financial sector amidst the coronavirus pandemic occur mainly in the world's large industrial and technological, commercial and economic centres with developed production, banking and information infrastructure, available high-end banking professionals and substantial customer demand for financial services. Examples of such centres may include Beijing, Shanghai, Singapore, New York, London, Tokyo, etc. Hence, occurrence of an emergency situation in the global financial world caused by the COVID-19 pandemic made the international banking system face the need for substantial modernization of its activity, including the extension of the range of new products and services. That, going beyond conventional banking products (home delivery, online consultations, trainings, etc.), received a boost in the technological sphere, creating potential for further transformation into technological platforms for services, including banking.

China's successful experience in the sphere of banking regulation and support amidst the COVID-19 pandemic shows that the integration of China into the global economy did not lead to the country's dependence on external factors. The banking system remains an independent, stable and actively evolving institution of China's modernization development.

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