

# **Analysis of Regional Banking Sector Transformation in the Context of Accelerated Digitalization**

**N. V. Sakharova, E. V. Bykovskaya, E. I. Dmitrieva, V. V. Popova**

*Cherepovets State University, Cherepovets, Russia;  
Tambov State Technical University, Tambov, Russia;  
National Research Moscow State University of Civil Engineering,  
Moscow, Russia*

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**Abstract:** The transition to digital formats significantly transforms the functioning of the regional banking system, increasing its efficiency and diversifying its operating mechanisms. However, digitalization also poses a number of challenges for local credit institutions. This paper analyzes the digitalization processes in the Vologda Oblast banking system and identifies key advantages and challenges. The article presents an analysis of the relationship between a bank's market leadership and its level of digital development.