

Advantages of Innovation in Improving Banking Services

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Abstract: The modern market banking sector requires the development and introduction of various innovative products and services. The article discusses the main aspects of innovation in improving banking services and highlights the main current trends in the development of innovation in the banking sector of Uzbekistan

Key words: Innovation, digital economy, innovative product, banking services, fintex.

Commercial banks are constantly forced to engage in innovative activities in order to successfully operate in a highly competitive financial market, to adapt to government regulatory influences and the overall economic situation in the country. Innovation in commercial banks is a systemic process, a catalyst for the development of financial services and the formation of financial markets. Commercial banks are changing the characteristics of financial instruments used by the population and creating new markets. The purpose of innovations is to increase the bank's own capital and profits, to enter new markets, to create favorable conditions in the financial sector for the effective development of the real sector of the economy.

In this regard, the comprehensive improvement of management of resources and functions of commercial banks based on innovative factors is particularly relevant and important. The described events have a significant impact on the qualitative and quantitative composition of banking market participants and lead to major changes in consumer behavior, leaving banks with a unique opportunity to maintain and increase their competitive advantage by introducing innovations that define the banking sector development strategy in the medium term.

Innovations as a key factor of stability and competitiveness in the banking sector I.V.Barkhatov [1], M.Berezovskaya [2], V.S.Vikulov [3], L.V.Kox, E.N.Smolyaninova, V.S. Prosalova [4], A.V. Muravev [5] and others have considered it in their scientific works. However, identifying the nature of banking innovations and classifying them, as well as studying the innovative development trends in the banking sector, requires more attention, which defines the main purpose of this article.

Bank innovation is the result of the innovation process, that is, a chain of consistent actions and events within the framework of the bank's innovative development strategy. The pursuit of innovation policy and the resulting creation of banking innovations are aimed at achieving a certain positive economic or strategic effect, which includes: increasing the bank's financial income, attracting new customers, expanding the bank's market share, reducing credit institution costs and more. The institutional structure of the banking system, which is implemented in various forms, such as laws and regulations, various organizations, formal and informal schemes of interaction, is constantly changing and evolving. Therefore, the banking system is one of the most actively using new technologies in the economy. On the one hand, the banking system uses emerging new digital technologies, on the other hand, it is the initiator of such innovations.

It is common practice in banking practice to distinguish the following groups of banking innovations, depending on the direction of development of the relevant product group to meet the specific needs of customers in the world banking practice.

1. Innovations in non-traditional market segments (insurance business, financial leasing, real estate investments, trust operations);
2. Innovations in the money and financial markets (derivative financial instruments market);
3. Innovations in traditional segments of the credit capital market (increasing the efficiency of financial intermediation, certificates of deposit, floating rate bonds, etc.).

In Uzbekistan, banks began to develop in leasing, insurance and investment activities, entered the markets of precious metals and derivative financial instruments, and divided certain types of activities into separate areas. At the same time, banks in Uzbekistan and developed countries aim to modernize the technology of creating products and services, reduce their cost and strengthen their competitive advantage. The superposition of these two processes - along with the trend of creating new product lines and entering new markets, improving technological and resource components - means the current change and the formation of a new banking strategy. Also, the use of an innovative banking services model for corporate clients in the context of the introduction of innovations in corporate customer service by banks is a specific bank in the field of creation and development of innovations in corporate customer service allows you to assess the prospects for the use of strategies. This model consists of several blocks connected to each other. Within the requirements of the system, the strategic requirements of the bank in the field of innovation are formed, taking into account the direction of development of a particular banking strategy. The analytical block allows classifying and evaluating the development

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indicators of banking innovations in corporate customer service. The economic block provides a description of the prospects for the development of banking and innovation in the field of corporate customer service. The quality of the results obtained is evaluated on a scale of 2 to 5. The results of the analysis can be used to assess the effectiveness of the use of a particular banking strategy at a certain stage of development of banking innovations in corporate customer service.

Thus, in the context of globalization and the development of integration processes in the global financial system, one of the most important factors in increasing the competitiveness of commercial banks is innovation, widespread introduction and use of the latest banking information and computer technologies. Therefore, in modern conditions it is necessary to introduce advanced information technologies for business processes, document management, as well as intelligent automated decision-making systems. Banks that have introduced the latest integrated risk management systems in a timely manner can achieve lower capital costs compared to less promising competitors through better customer retention, working capital savings, and improved credit ratings.

Such issues, on the one hand, the development of new information technologies offer innovative solutions that can significantly increase the efficiency of the financial institution for the banking business and improve the quality of services provided to customers, and on the other hand encourage certain innovations in the proposed banking products and services. At the same time, the rapid development of the banking sector will lead to the acceleration of information development in other sectors of the economy, as IT companies are trying to meet the ever-increasing demand of financial institutions for innovative solutions.

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