

Increasing the Innovative Activity of Banks in the Conditions of Digital Economy Development

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Abstract: The article discusses the main conditions for the stable growth of the economies of countries that pay great attention to the development of innovative areas, in which innovations have a huge impact on the economic structure of production, stabilizing the social situation. An urgent task at the stage of modern development is the formation of a national innovation system that deals with the introduction and application of modern innovative technologies. As a result of the analysis of the necessary conditions for the formation of innovative systems, we conclude that a mandatory transition to a more modern level of socio-economic development of the state, i.e. a change in the priority of the primary industries involved in the extraction and primary processing of raw materials to the direct production of goods that are in high demand using new economic and innovative knowledge.

Keywords: innovation, innovation economy, banks, development, innovation, nanotechnology, potential.

The digital economy is a system of economic, social and cultural relations based on the use of digital information and communication technologies. Since business and work are a big part of everyday life for most people, this is the main thing that can change. Process automation has added the ability to provide insight into the decision-making process, measuring previously unrelated and even interconnected and applied data from a variety of sources³. The reason why digitalization is a very topical issue in every field today is that it is one of the first real revolutions in business history. If the industrial revolution of 1760-1840 lasted 80 years, then the digital revolution is now taking place at a rapid pace⁴.

The modern development of informatization implies the use of its achievements not only in everyday life, but also in various areas of business. The problem is that modern innovative tools are changing so fast that people without specialized knowledge in the field of information technology cannot incorporate them into their business strategy in a timely manner and cannot imagine what opportunities some digital tools create to increase business efficiency.

The research methodology is based on a comparative analysis of current trends in the introduction of digital technologies in all areas of our activities, modern achievements in the field of digitization, as well as the opportunities offered by the digitization business.

Banking innovation is the study of new or radically modified services or products provided to customers and accepted by them, modern technologies introduced into the banking process, including infocommunications, economic or social effectiveness. A sufficiently high level of confidence is associated with the ability of banks to innovate, functionality and convenience in the practical application of remote banking channels, the introduction of new banking products and services to the market.

Scientific publications on innovative activities in banks are somewhat scattered. Theoretical and methodological problems of the introduction of innovation-oriented organizational structures. It has been considered in the works of Western experts such as J. Andrew, V.G. Bennis, T.Bume, P. Drucker, K. Levin, V. Ouchi, T. Peter, G. Stulker, R. Tucker, R. Waterman, G. Hofsteid.

However, the developments of these authors are mainly devoted to the disclosure of the essence, classification of types, identification of the role of innovation in the development of banking, without taking into account the specifics of the practical application of innovative financial instruments. In interpreting the essence of innovation in the banking and financial sector as an economic category, the first step is to understand the innovation as a result of actions that led to qualitative changes in the processes of commercial banks.

WealthFront, the Lending Club for Financial Products, allows business innovators to create innovative tools to disrupt traditional industry business practices and manage wealth, and as a result provide a much better experience for working with customers and meeting their needs⁵. The slow development of digital technologies may reflect a lack of knowledge, motivation, resources and relevant systems. In agriculture, the use of online platforms can only be economically viable if

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³ Digital dividends overview 2016. – World Bank Group, 2016. 58 p.

⁴ Панышин, Б. Цифровая экономика: особенности и тенденции развития // Наука и инновации. – 2016. Т. 3, № 157. – С. 17–20.

⁵ Eisenmann, T. et al. Opening Platforms: How, When and Why? – Mode of access: <http://www.hbs.edu/>. – Date of access: 11.09.2018.

businesses receive additional support in the form of capacity building, training or other technical assistance, through which they can obtain funding or meet quality standards.

These new systems of personalized products and services are available through a variety of flexible post-processing methods, such as Customer Relationship Management (CRM) customer databases. Cloud-based CRM systems today can search for significant events in an economical and unknown way using large-scale data analysis and scaling techniques. While learning a lot of data is based on working with large samples, this is the most effective way to determine personal preferences⁶.

In the context of digitalization of financial activities, banks are moving to innovative models of development. In the economic literature, banking innovation is presented as a “synthetic concept of the goal of the bank's activities in the field of new technologies and the result of resource allocation through the introduction of innovations that help customers benefit, which aims to generate additional income in the process of creating favorable conditions for their formation.

Innovative technologies, as the basis of innovative development, have a different impact on banking today. The following areas of innovation in the banking sector are identified in the economic literature:

- development of new financial products, new types of services or new modifications of existing services and products;
- Introduction of innovative sales methods, external features of the product; development of innovative marketing strategies;
- Technological innovations related to technological support of processes within the bank, changes in customer service;
- structural innovations - changes in the organizational structure of the bank or its individual divisions to increase the efficiency of their activities.

After analyzing the directions, it can be noted that innovative development has a complex impact on banking, changes the mechanisms of customer interaction, improves the business processes of the credit institution and, in general, increases the efficiency of banking. Improving the efficiency of each link in the banking system will allow the formation of an effective banking system of the whole country.

The advantages of innovative and technological development for banks are the improvement of scoring models, reduction of transaction costs, reduction of the number of errors, the possibility of providing additional services, access to new markets and increase the efficiency of business processes. These advantages allow to form the financial stability of the bank, increase the efficiency of its activities and increase the competitiveness of the credit institution in general.

Innovative and technological development of banking for consumers is the liberalization of credit relations with the bank, reducing time and financial costs, increasing lending opportunities. As a result of digitalization of banking, customers receive better quality financial services. Digitization of banking activities opens up a number of important benefits for consumers of banking services, banks and the state. Innovative and technological development in the banking sector can create a more sophisticated financial system in the future and thus serve to increase the level of socio-economic development. The development of effective innovative and technological strategies for the development of banking requires not only the identification and analysis of possible advantages, but also taking into account the negative consequences.

In the innovation strategies of banks, the main focus should be on organizational innovations (see Figure 1), most of which are currently focused on expanding and strengthening the customer base.

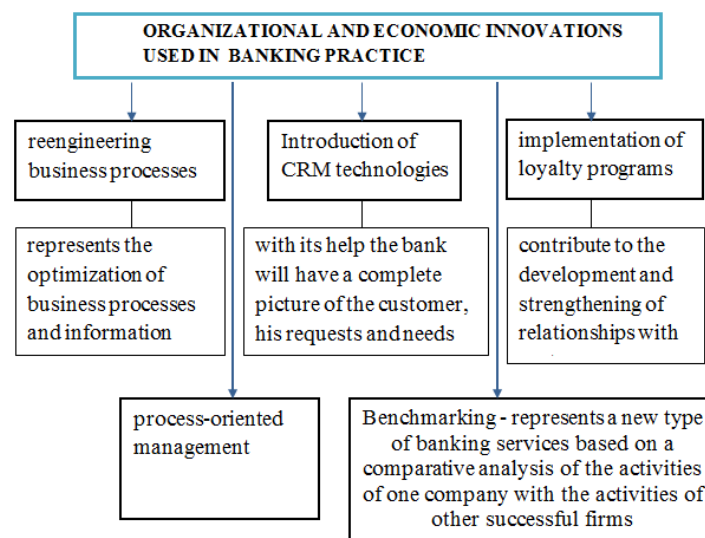


Figure 1. Organizational and economic innovations applied in banks

⁶ Stadler, G. (2015). Big data – tömeges adatelemzés gyorsan. HTE Medianet 2015, Kecskemét. LLX. pp. 44-48.

Organizational and economic innovations are being implemented in the areas of improving the quality of banking products and services, development and introduction of customer-oriented technologies, application of modern methods of selling banking products to bank customers, financial management, staff incentives.

It is common to distinguish three main directions of organizational and economic innovation in relation to the banking sector of the economy. This is the reengineering of business processes, the use of CRM technologies, as well as the introduction of loyalty programs for both bank customers and their employees. Such a distribution of organizational and economic innovations is more than demand in the context of the implementation of the course by the banking regulator to increase the stability of the country's banking system. Moreover, the lack of these innovations is often the main reason for the deterioration of the financial stability of commercial banks, followed by the intervention of the regulator and the revocation of the banking license, which is now not uncommon. It should be noted that organizational and economic innovations introduced into the management practice of many banks over the years lead to a cumulative impact on the overall, rapidly changing reality of the domestic economy by creating a more competitive business model.

In summary, digital platforms are transforming the economy of international business by reducing cross-border interactions and transaction costs. They create markets and user communities on a global scale, providing banks with a huge potential customer base and effective ways to connect with them. The operation of digital platforms accelerates production and exchange processes, eliminates unnecessary intermediaries from them, and dramatically increases market efficiency and labor productivity. Therefore, one of the main tasks of the country's banks is to fully implement and adapt innovations in the field of tourism, increase innovation activity in banks, the transition to a digital platform to fully take into account modern changes and trends in this area.

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