

Improving the Innovative Activity of Commercial Banks

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Abstract: Improvement the innovative activities of commercial banks explored in the article. Author's explanation to innovative banking products and the opinion of scientists on innovation is noted. The latest statistics on users of remote banking services in Uzbekistan for 2012-2021 been provided. Suggestions include the use of blockchain technology, the introduction of CRM, BPM, DWH systems and the use of artificial intelligence for forecasting future product sales.

Keywords: Innovation, innovative banking products, digitalization, remote banking services, Internet-banking, Online banking, SMS banking, CRM, BPM, ATM, DWH, Artificial intelligence, QR-payment, NFC-payment.

INTRODUCTION

The purpose of the research. The purpose of the article is to study the problems of developing innovative activities in commercial banks in the context of modernization of the economy and to develop scientifically based proposals and recommendations on the effective operation of banks in competition with organizations actively implementing financial technologies.

To achieve this goal, the **following tasks have been identified:**

Study of scientific and theoretical views on the Bank's innovative activities and coverage of the classification of the Bank's innovative products;

Research of practical and legal bases of the organization and development of innovative activity of commercial banks;

Grouping, comparison and calculation of the effectiveness of products and services related to innovative activities used by banks;

Study of banking practice of developed foreign countries on the development of innovative activities in commercial banks of the Republic of Uzbekistan;

Analysis of the impact and differences of innovative activities on traditional banking services;

Analysis of the impact of innovative activities of the bank on the financial condition of the bank;

Analysis of the need to improve the innovative activities of banks in competition with organizations that are actively developing financial technologies (Fintech);

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Exploring the possibilities of using blockchain technology in banking and its impact on banking efficiency;

Demonstrate opportunities to develop the Bank's innovative activities using CRM, BPM programs;

Analysis of prospects for the development of bank-client, Internet-banking, SMS-banking and Mobile banking services;

Coverage of issues related to the development of services and activities in the activities of banks, such as Roboadvicing, Digital banking, Virtual banking;

Demonstrate opportunities to improve the provision of banking services through social networks and messengers (Telegram);

Provide science-based proposals for the introduction of innovative products and services that can be used in banking.

The object of the study is the study and use of reports of commercial banks operating in the banking system of the Republic of Uzbekistan, the Central Bank of the Republic of Uzbekistan, reports of local and foreign rating agencies, information, brochures, scientific articles on the basics of innovative banking in foreign countries.

The subject of the study is the relationship between the development of innovative activities of commercial banks.

Each stage of the innovation process is designed to solve specific tasks:

1. The formation of the idea and the task of the future innovation process.
2. Develop an action plan to achieve the goal.
3. Determining the demand for resources (personnel, technology, materials) required for the implementation of the innovation process, assigning specific tasks to the executors.
4. Implement actions related to the implementation of the tasks set by the executors (bank employees responsible for the implementation of innovative activities).
5. Monitor, analyze and make corrections to ongoing work. Additional analytical work to assess the effectiveness of innovative project and innovation management decisions, to determine the next action plan for the implementation of the results of the innovation process.

The explosion of e-banking in the United States began in 1995. One of the main reasons for this was the restriction of access to banks operating in the United States to open branches in other states, and as a result, Internet banking emerged. The first fully electronic American bank was Security First Network Bank (1995), which had no office to deal with customers. At the end of the first year, the bank's assets amounted to 110 million. The monthly capital increase was 20%, while the amount of customer accounts exceeded ten thousand. Today, the bank has customers in 45 US states.

Advance Bank, a subsidiary of the Bank of Dresden (Germany), became the first Virtual Bank in Europe in 1996. After that, among many other banks, Netbank (1996), Compubank (1998), BankDirect (1999) began to offer Internet banking.

In Russia, the development of remote banking services began in the 90s. As the first bank to offer new services, Inkombank has laid the groundwork for a more efficient operation with its Incom-

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Telebank system. However, after the 1998 crisis, Avtobank and Guta-Bank (now Uralsib Bank and VTB-24 Bank) emerged as active participants in the remote banking services market. We can mention Avtobank (Bank Uralsib) as the founder of the virtual bank in Russia, as it has been providing this service to its customers since May 1998. We can also see Bank24.ru as the first fully "virtual" bank operating in the Sverdlovsk market. As an automated bank, this bank serves customers 24 hours a day and focuses on quality service as well as its brand and marketing.

Also among the most effective banks in the CIS today are Tinkoffbank in Russia (2006), Talkbank (2017), Monobank in Ukraine (2017), Altyn Bank in Kazakhstan (2016). . In Uzbekistan, TBC Bank (2019) was launched as the first digital bank.



Chart-1. Number of users of remote banking services, January 1.

As you can see from the chart during the last 10 years number of distant banking service users increased rapidly and reached to nearly 15 mln people at 2021. Especially we should mention the growth rate after 2017 where significant changes implemented in the economic and political life of banking system. New policy which support transparent activity of Central bank and government helps to boost distant banking services.

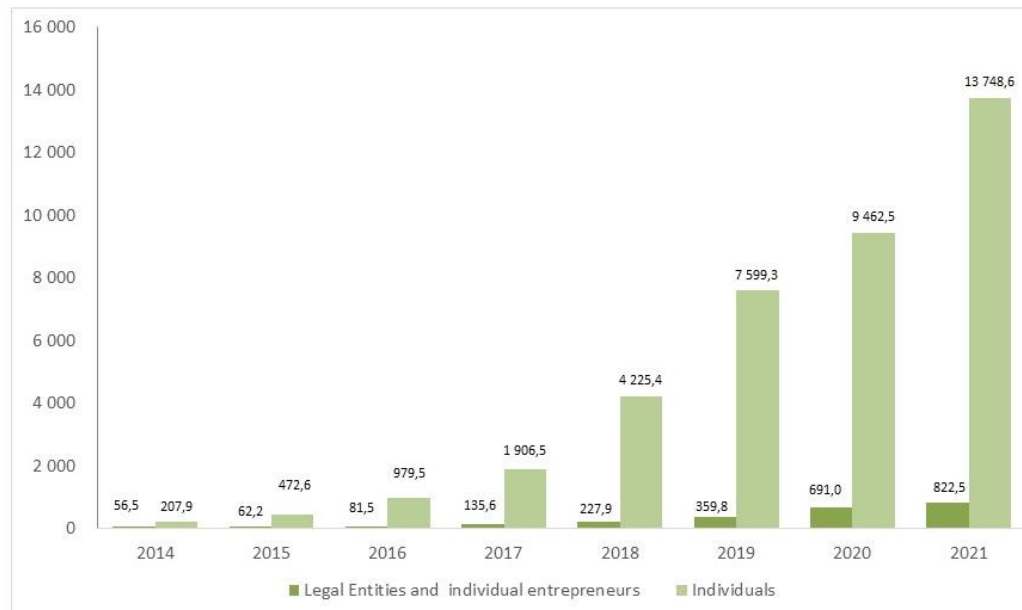


Chart-2. Number of users of remote banking services by types of customers, January 1. (in thousand)

Number of legal entities and individual entrepreneurs, which uses remote banking services in the economy shows how the business conduct with the banks today. Again, we can see significant change after 2017 in both individuals and legal entities sector which driven by abovementioned open policy. But anyway for the Uzbekistan with population of nearly 35 mln people almost 14 mln people using remote banking services less than in developed countries.

Developed countries are using digital technologies to effectively and quickly organize any form of activity in the economy and public life. In fact, digitization is the transfer of data in analog form (audio, image, printed text, etc.) to a binary number system. Digitalization of Society / Economy means the process of increasing the use of digital technologies by government, business and economic sectors.

The application of digital technologies in the banking sector is one of the main directions of innovative activity of banks. In Uzbekistan today there is a growing trend of using digital technologies in the products and services provided by banks. Transformation processes in banks with a high share of the state have put the issue of digitization of business processes at the forefront of the agenda. For example, in banks, which usually take up to 3 days to allocate a loan, this automation and digitization process allows to reduce this time from 10 minutes to 3 hours, depending on the amount and requirements of the loan.

CONCLUSION AND SUGGESTIONS.

Scientific novations that is expected to be defended in the article. For the first time in Uzbekistan, the main scientific novelty of the research is a comprehensive approach to the theoretical and practical aspects of the development of innovative banking activities and scientifically based proposals and recommendations on the positive impact of innovative banking products on banking efficiency.

The scientific novelty of the article is also reflected in the following:

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Author's definition of such concepts as innovative activity of the bank, innovative product of the bank, innovative service of the bank and innovative processes in the bank;

The stages of the process of organizing innovative activities in banks are covered;

Proposals to be implemented in the development of innovative activities of commercial banks of the Republic of Uzbekistan;

Recommendations are given on the possible aspects and opportunities of application of innovative banking products in the banking system of developed countries in Uzbekistan;

Recommendations will be made on the use of mechanisms to automate business processes in banks and thus have a positive impact on the quality and speed of banking products;

Science-based recommendations on the prospects of using benchmarking in the development of innovative activities of banks are given;

Proposals will be made on the introduction of new areas in the development of innovative activities of banks, such as Bank-client, Internet-banking, SMS-banking, Improvement of mobile banking services, Roboadvising, Digital banking, Virtual banking, Social banking;

Recommendations on the features and capabilities of effective use of blockchain technology in banking;

The bank offers a type of innovative product called Gap deposits.

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