

INNOVATIONS IN THE BANKING SECTOR

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Annotation: The relevance of the research is due to the fact that currently the development of banking business is taking place in crisis phenomena in the financial market. In this article, the authors examined the most important factor in the development of the banking system – innovations. Special attention is paid to financial innovations, as they are a key link in the competitiveness and sustainable development of the sector.

Keywords: bank, banking activity, financial innovations, innovations, technologies.

At present, technologies do not stand still, they change every day. That is why modern economic development requires more and more serious influence from the standpoint of innovation, since the uniqueness of certain operations affects the level of the economy. Any processes, even the most insignificant, stimulate economic changes at the level of interstate regulation, as well as the international financial system. The introduction of innovations in all spheres of activity of economic entities contributes to the economic growth of the country, increasing its competitiveness in world markets.

Over the past two years, there has been a significant jump in the financial markets in the development of electronic products and services. Such transformations are most active in the sectors of consumer banking and payments

Commercial banks are one of the main subjects of innovation activity. Within the banking sector, such innovation is a kind of interconnection of organizational, functional and operational innovations that are completely new in the way products and services are created and implemented. In my opinion, this development has a positive effect on the banking industry as a whole, because with the help of innovations and technologies, the efficiency of operations and the level of competitiveness increase, customer attraction increases, as convenient conditions for credit operations appear. Researchers identify several key types of financial innovations in the banking sector.

1. **Product innovation.** The essence of this innovation is machine learning, in-depth analytics, as well as the use of artificial intelligence, blockchain, which allows you to perform transactions without intermediaries. Based on these technologies, new products, services and opportunities are being created, for example, services that previously required the personal presence of the client in the bank, but now moved online. Currently, most commercial banks create online applications that are very popular for remote transactions
2. **Process innovation.** The main benefits of digital transformation for traditional players are a multiple reduction in costs and acceleration of banking operations. Big and small players alike can use big data analytics to create predictive credit risk models. This will make it possible to form individual offers to clients and allocate resources efficiently. As an example, here is a method for optimizing the coverage of the territory by a network of branches or ATMs based on dynamic modeling and analysis of client flows.
3. **Market innovation.** Creation of a fundamentally new market for goods and services.

4. Marketing. Mastering new methods, resources and forms of doing business.
5. Managerial. Changing the management structure to obtain greater business efficiency.

The most important factor in innovative development is the ability to interact with technology companies in the joint development and implementation of innovative solutions. Aggregators of user information, that is, social networks and telecom operators that provide access to external data about customers, become partners with banks. Thus, banking activity is focused on consumers, that is, all innovative services and products are created with the goal of significance for customers, since it is the buyer who determines the level of development of innovations.

In modern conditions, commercial banks implement the following technology:

- constant service 24/7;
- combining the latest services to reduce all kinds of costs that arise when changing one service to another;
- the focus of banks on small and medium-sized businesses, which currently brings the highest profit.

If banks stop developing, creating new, more convenient products and services, then it will become much more difficult to carry out lending operations. Banks in the financial market are intermediaries between those who have free cash resources and those who need them. It also conducts settlements between organizations and citizens for the purchase of goods or services.

That is why their presence in the social environment of their clients is important. And augmented technologies that appear over time can improve interactions with buyers, where banks can solve their financial problems 24/7.

Banking innovation is a process aimed at modernizing this activity, providing for the improvement of operations, products, business processes, services, which consist in expanding the range of services provided and maximizing profits.

Innovations also include the introduction of new types of organizational structures of credit institutions. Modern banks are developing in the context of the globalization of telecommunications, the development of a network form of organization of various forms of business, which is why the central place is occupied by such a question as the formation of the most effective organizational structure of the bank. Banks, like other economic entities, actively use advanced technologies, as well as IT support. Such platforms allow solving many problems: increasing the speed of the operation, creating online services, and others.

Consequently, the introduction of modern technologies contributes to the stable functioning of banks and ensures economic growth.

For example, by the end of 2019, many banks were able to implement their innovative projects.

1. ATM without cards. Developed by Alfa-Bank. This innovation in the banking sector allows you to withdraw money without a card, using only a smartphone with a mobile application.
2. Payment by QR code. Sberbank has provided its customers with the opportunity to pay for goods or services using a QR code using a special mobile application.
3. Fast transfers in different currencies. Revolut. The startup describes itself as a digital alternative to banking. Initially, users were offered a prepaid card and an app that allowed travelers to use different currencies at no additional cost.

Since then, the range of products has been expanded and new Revolut features have been introduced:

- ✓ exchange of cryptocurrencies;
- ✓ insurance services for travelers;
- ✓ cost analytics;
- ✓ transfers abroad;
- ✓ calculation of interest on the balance.

This bank is suitable for several categories of users: for travelers; for those who receive and transfer payments abroad; for traders.

Thus, financial innovations play a leading role in the accelerated development of the financial market in Russia. They allow banks to improve not only their management structure, but also improve the quality of their products and services, creating competitive advantages for the entire banking sector.

The most relevant topic in the banking system is the development and implementation of innovation, which, at the moment, requires further study of theoretical and practical aspects.

If we consider this topic from the user's point of view, then the financial innovations that have appeared save the client from participating in many different processes, guarantee the economic security of activities, since all financial products and services are somehow protected by the most modern means of electronic protection.

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