

MAIN DIRECTIONS OF INNOVATIVE DEVELOPMENT OF UKRAINE BANKING SYSTEM IN MODERN CONDITIONS

Zhytar Maksym¹
Shevchenko Oleksandra²

DOI: https://doi.org/10.30525/978-9934-571-89-3_128

Nowadays, the problems that arise in the social and economic life influence on the state of the banking system, causing problems in the area of the formation and resources use. In modern world, the ability to react to changes in the market and its resource base is the main mechanism for achieving a high economic efficiency of any organization. At the time of the information society and the rapid growth of human economic and technological awareness, organizations are introducing new resource bases to meet new consumer needs. So, there is a need for innovation.

The banking sector of each country with a well-functioning economy is the center of innovative products and results of personal intellectual activity. Technologies implementation in countries with economies in transition, including in Ukraine, is a rather complicated process, because it requires significant financial resources [1].

¹ University of the State Fiscal Service of Ukraine, Ukraine

² University of the State Fiscal Service of Ukraine, Ukraine

Innovative development of the banking system can be characterized as a process of the banking system structural improvement, which is achieved through the practical use of new knowledge for improving the banking services quality, raising the level of banking information protection, raising the level of banks competitiveness and, as a consequence, the banking system as a whole.

Today, trends in the development of technological innovations in the banking sector are associated with the dynamic IT sphere development. In our life many banks are reviewing their IT infrastructure in order to optimize and introduce new technologies that will minimize costs for the banking business and gain competitive advantage. For example, today projects for the introduction of video conferencing are the most popular IT projects in the banking sector.

On the one hand, these are costly projects, since there is a need to use powerful channels with high throughput and reliability, and on the other – such projects will allow banks to receive significant savings on business trips of bank employees. But projects related to the introduction of banking products provided over the Internet, that is through Internet banking are the most popular in today's economic conditions [2].

Along with Internet banking, “mobile banking” has equally important influence on innovation. Another innovative product is the free Square Cash service, which was developed by Square in the second half of 2013 and allows users to transfer funds to each other via e-mail without paying a commission. The essence of the technology is that the user sends the corresponding message to the email address of the payee, indicating the amount of the letter subject. After that, the payer and the payee link their debit card email addresses, which allows you to continue sending funds without re-entering the payment card data, with funds credited directly to the payee's bank account [3].

A new trend in banking innovation is the banks convergence with social networks. Currently, advanced projects in the field of banking innovations are client identification projects for photography in social networks. So, Socure has developed a Perceive program that uses the biometric parameters of the client to authorize it in the mobile banking program. The system examines the image of the client, made on a smartphone and compares the picture with a photo on the networks Facebook, Twitter and LinkedIn. After checking, the system accepts a payment, or includes an alarm. Today, the system is used by several London banks in testing mode [2].

The determined list of innovation activity directions is regulated by the innovative management development complex of the bank. Innovative complex provides management of planning and budgeting processes of innovation development, incentives and motivation of personnel, control over the implementation of innovations, information provision of the innovation process, management of organizational and economic development.

In Ukraine, the level of innovation potential is quite high, but at the present stage it is not realized in full. According to the general laws of the economy there is a stable dependence between financial stability, efficiency, competitiveness and innovative potential of the bank, therefore financial innovations play an important role in their

provision. Unfortunately, in our country the practice of financial innovations that are implemented by state banks is insignificant. At the same time, a significant share of innovation initiatives exists in the segment of commercial banks. Ukrainian banks usually involve the experience of their western partners, which makes it impossible to obtain their own experience and their own unique developments, but reduces the cost of creating new products, testing and testing. So, the system of online verification of BankID is being implemented in Ukraine. The system is a joint project of PrivatBank and Oshchadbank, and is designed in a manner and likeness to systems that have long been used in the UK, Sweden and Finland. The system allows you to confirm the identity of the user on the Internet, using his bank details, and works on the principle of verification through Facebook. This innovative program allows you to prevent fraud with bank accounts and plastic cards. At the current stage, the largest Ukrainian banks such as PrivatBank, FUIB, UniCredit Bank, OTP Bank support the function of Internet banking and create their own cabinet on their official websites [4].

Consequently, the innovative banks activities provide new opportunities for their progressive development, but at the same time it increases the pressure from traditional and new competitors, which requires the development and adoption of non-standard, rapid decisions concerning the strategy of banks development. And in order not to lose competitive advantages, banks need to improve their operations and services, to introduce more sophisticated management structures that allow flexible responsiveness to the variability of external operating conditions, and ensure high quality banking, cost control and efficiency. The introduction of banking innovations can increase productivity, efficiently use resources, increase profits, reduce costs and, consequently, increase the competitiveness of banks and the banking system and ensure their sustainable development in the global economic environment.

Innovative technologies play a very important role in our time. When it is creating process of the future bank, innovative technologies in the banking services are that technologies which have a “strategic effect” on the growth of the client base, reducing the cost of banking operations with the optimal operational risk level and operating costs. The main global trends in the banking innovations development are the close relationship between the bank and the client, the bank integration in the IT sector, the banks interaction with social networks and the involvement of the latest technologies.

References:

1. Trudova M. Je. (2016). Innovacijni perspektyvy rozvytku v bankivskij systemi Ukrajinny [Innovative prospects for development in the banking system of Ukraine]. *Ekonomika i suspilystvo*, vol. 3, pp. 485-490. Retrieved from: http://www.economyandsociety.in.ua/journal/3_ukr/83.pdf (accessed 14 February 2019).
2. Shuba M. V., Rudnyk A.O. (2015). Svitovi trendy bankivskijkh innovacij [World trends of banking innovations]. Retrieved from: http://www.economy.nayka.com.ua/pdf/12_2015/34.pdf (accessed 14 February 2019).
3. Stepanenko O. P. (2012). Tendenciji innovacijnogho rozvytku bankivskoji systemy Ukrajinny [Trends in innovation development of the banking system of Ukraine]. *Aktualjni problemy ekonomiky*, vol. 6, pp. 275-282.

4. Ghetjman L. Gh. (2016). Naprjamy rozvytku innovacijnoji dijalnosti u bankivskij sferi [Areas of development of innovation activity in the banking sphere]. *Mizhnarodnyj ekonomichnyj zhurnal "Internauka"*, vol. 12, pp. 49-54.

5. Kuzheljev M. O., Zhytar M. O. (2016). Finansova ghnuchkistj pryjnattja rishenj v investycijnij dijalnosti bankiv: Monografija [Financial flexibility of decision-making in the investment activity of banks: Monograph]. Kyiv: "Center for Educational Literature" Kyiv-Bydgoszcz, pp. 176.

6. Kuzheljev M. O., Zhytar M. O. (2015). Konceptualjni zasady efektyvnosti finansovogho zabezpechennja innovacijnogho rozvytku Ukrajinny [Conceptual principles of the effectiveness of financial support of Ukraine's innovation development]. *Zbirnyk naukovykh pracj uchenykh ta aspirantiv "Ekonomichnyj visnyk universytetu"*. Pereyaslav-Khmelnytsky, pp. 14-18.

7. Zhytar M. O., Mamalygha A. V. (2018). Innovaciji v rozvytku bankivskoji systemy Ukrajinny [Innovations in the development of the banking system of Ukraine]. Proceedings of the International scientific and practical conference "Strategy and practice of innovative development of the financial sector of Ukraine" (Ukraine, Irpin, March 20-22), Irpin: UDFSU Publishing House, pp. 199-201.