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Utilization of Innovative Banking Resources in the Financial Sphere

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Abstract: A significant role in the sustainable development of the reproductive processes of the regional economy is played by banking institutions, the functioning of which is based on the achievement of strategic goals of sustainable development, and maintaining the dynamic balance of the social, economic and environmental environment. The ongoing changes in the modern economic space affect all spheres of functioning of industry markets and sectors of public relations. The emerging problems associated with achieving economic balance and sustainable development of industry markets require the formation of new methodological approaches to their solution. A significant role in ensuring the sustainable development of the national economy is played by the banking system, which allows you to involve the existing financial potential of various economic agents and transform them into investment resources aimed at modernizing and expanding social reproduction, achieving target proportions of economic growth.

Key words: banking, management, innovations, finance, green finance, digital brain, smart operations, transactions, competitive environment.

INTRODUCTION

Under the influence of the competitive environment, there is a transformation of banks operating on the principles of financial intermediation into development institutions that ensure economic growth, integration of the areas of application of environmental, social, information-digital and investment capital.

The crisis phenomena taking place in the economic space and the strengthening of competitive processes in the financial services market create the conditions for the formation of the vector of sustainable development of modern society, based on a cross -functional approach. All this gives rise to a new perspective on modern formats for organizing the banking business, based on the involvement of a wide range of stakeholders and increasing the social and environmental responsibility of financial institutions to society. The strategic guidelines for the sustainable development of the real sector of the economy set the vector of transformation for the existing business models of financial institutions based on the use of digital technologies, which will increase the electronic document flow, accelerate the main and auxiliary processes and organizational changes that contribute not only to the achievement of private corporate interests in the form of an increment in the cost of capital, profits, but also the formation of inclusive economic platforms in a competitive space.

MAIN PART

We have considered two approaches to the development of innovative processes in the financial sector. The first approach is to introduce new banking innovations based on the use of digital technologies in the financial services market. The second approach involves the use of a new innovative combination of existing techniques, methods, methods and tools that allow designing various innovative banking products in order to obtain additional competitive advantages for the

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bank. This provision clarifies the market competitive position of the bank in the analysis of its strengths and weaknesses.

The change in paradigms of social development entails changes in the business models of banking institutions. The systemic transformation of business models has a multiplier effect, which consists in integrating the interests of stakeholders . Indeed, banking management strives to bring high-quality banking products to the market and become its leader. This is a kind of struggle of ideas and teams, but at the same time, a backbone problem arises at the level of interbank financial relations. Thus, in pursuit of the rapid introduction of innovative technologies, not all financial institutions are fully aware of the importance of integrating new services with key existing digital platforms. In most cases, the subsequent introduction and expansion of the financial services market requires the interaction of various departments based on an interdisciplinary approach. Consequently, the management of the credit institution is aimed at implementing the strategic guidelines for the digital transformation of business at the level of financial architecture.

The creation of a financial system is becoming an important factor in the modernization of reproduction processes, in which banking institutions are assigned the role of a driver of economic growth in the regional economy.

Assuming a degree of responsibility, realizing social and private-corporate interests in the competitive environment of the market space, banks are transforming from a simple commercial structure into the core (organizer and driver) of the ecosystem, which coordinates targeted actions to involve participants, providing stakeholders with convenient, safe and high-quality consumer products and services. Consequently, in this aspect, these processes contribute to changing the attributes of the bank as a financial institution and its role in the system of socio-economic relations:

Sustainable development of the regional economy:

- ➢ Economy of the region:
- ➢ Bank as a driver of economic growth;
- ➢ Principles of openness and transparency;
- ➢ Expanding lending boundaries;
- ➢ Integration into the business community;
- ➢ Increasing the availability of financial services;
- ➢ Overcoming the economic inequality of territorial entities
- ➢ Bank's strategic guidelines:
- ➢ Collaboration of private-corporate and public strategic interests;
- ➢ Ensuring the profitability of activities and profit margins;
- ➢ Growth in the capacity of existing and creation of standard segments of the financial market;
- ➢ Formation and implementation of competitive advantages
- ➢ Social partnership:
- ➢ Social and corporate responsibility;
- ➢ Involvement of the masses in the financial ecosystem;
- ➢ Leadership strategy;
- ➢ Implementation of social programs;
- ➢ Effective human capital management

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- ESG banking:
- Formation of digital platforms;
- Innovative solutions and strengthening of market transformations;
- Development of value exchange relationship marketing;
- Competitive interaction with partners and stakeholders
- Environmental responsibility:
- Green finance;
- Lean production;
- Waste reduction;
- Circular economy
- ✓ the bank may not perform certain financial transactions in a given time period, and each end user has the right to use a limited or full range of credit and investment products;
- ✓ the positioning of banks in the financial services market has structural integrity, regardless of their types. Of course, this does not mean that in practice all banking institutions are equivalent for society. They have their own characteristics, which reflect the diversity of their forms as a whole. When evaluating the semantic meaning of banks, it is advisable to highlight specific characteristics (strategic guidelines, social partnership, corporate relations, environmental responsibility, impact on the region's economy), which distinguish it from other financial institutions;
- ✓ the construction of the organizational system of banking management is revealed through the structural hierarchy of management levels, development and adoption of innovative solutions

In the course of its activities, organizing the flow of financial capital into the real sector of production, the bank's management relies on the existing resource potential and the competitive advantages of benchmarking . In this regard, banks actively apply the concepts of marketing management, exchange relationship marketing, reproduction, customer -oriented, social and ethical marketing, and partnership marketing to promote financial products and form competitive relations with stakeholders . Thus, the bank forms a kind of financial ecosystem that allows it to form and integrate its competitive advantages into the market space.

Everyone Needs Super Apps

Banks are actively discussing the construction of superapps : the number of mentions of them in annual reports increased between 2019 and 2021. by 640%. Superapps combine many valuable features for the client in a single interface. Banking applications have a complex structure, but several basic functions are used by the client's daily attention: checking the balance, paying bills, viewing transactions. For this reason, mobile banking is only 4-5 APIs away from being integrated into any other platform.

At the same time, the list of real super apps is still short: it includes, for example, AliPay , Amazon, PayTM (India), Kakao (South Korea) and others. Banks face a difficult choice this year: should they fight to promote their own superapp , build partnerships with others, or stay out of the race.

THE MAIN RESULTS AND FINDINGS

Green is the hit of the season

The rapid development of the ESG agenda is forcing banks to urgently create mechanisms for obtaining data and measuring their own progress towards achieving sustainable development goals (SDGs). The Bank of America estimates that about $150 trillion in total investment is

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required to achieve carbon neutrality. Financial institutions will have to take on a new role as protectors of the planet, at a significant cost to them. However, these investments can pay off in the long run in the form of employee motivation, customer confidence, investor interest, and regulatory loyalty.

Innovation is back on the agenda

Traditional banks are losing their weight in the economy: from 2019 to 2021 their share in US GDP fell from 4.6% to 3.85%. At the same time, fintech companies and alternative financial players continue to win over consumers and increase their capitalization. Digitization has become a necessity, but the digitization of processes alone cannot ensure the differentiation of bank services and support revenue growth. Because of this, banks will have to creatively rethink in which particular operations and offerings innovation will create the most value for customers. Banks are not only revising traditional views on services and client segments, but also opening up new collaborative business models. Increasingly, they see their own technology as a new product and a potential new source of income.

The Incredible Adventures of Banking Commissions

The policy of banks in relation to the calculation of fees for services has changed several times. In competition with the ubiquitous offer of free service, banks have been forced to move from relatively transparent rates to hiding fees - through late payment fees, overdraft charges, and so on. By 2022, growing competition and digital transparency are pushing banks and fintech companies to reconsider their approach again: all fees should become simple and clear again. In contrast, new customer offerings will increasingly focus on helping to optimize costs and make financial decisions in the best interests of customers.

The digital brain will get a caring heart

From 2020 to 2022, customer confidence in banks declined: only 29% (versus 43% two years earlier) of respondents fully trusted a bank in matters of long-term financial well-being. One of the reasons is that banks have stopped talking face-to-face with the client. In 2022, banks are looking for ways to get back to the point. Their task is to restore empathy in communication with the client and more deeply understand the financial and emotional circumstances in order to restore loyalty.

Digital currencies are maturing

By the end of 2022, 78 countries of the world are conducting research in the field of CBDC: six of them have already launched their own digital currencies and at least 17 are in the process of piloting them. In Switzerland and Singapore, for example, CBSS are already being piloted for cross-border payments, while the retail CBSS project in China has already reached more than 140 million users with a transaction volume of more than US$9.5 billion. The further focus of the development of digital currencies is in identifying specific application scenarios where they can give the maximum economic effect.

Smart operations reduce human involvement to zero

Banks have come to the line where human participation in operations is not necessary. For example, speech and text analysis technologies are already helping to get work done many times faster and more accurately. From 60 to 70% of operational tasks when issuing a loan can already be reduced by converting income statements and other documents into a unified form.

Payments become universal

According to global analysts at Accenture, the next revolution in payments will be driven by open networks. Consumers already take for granted that they can pay and receive money anywhere, anytime. The industry is already on the verge of giving them the ability to pay in any way they want. Regulators are pushing the market to remove restrictions on the payment methods available to the consumer, such as in China and India, and to use uniform standards.

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The development of open payment infrastructures at the country or even regional level, as in Europe, will be a catalyst for change and provide a better link between investment and innovation.

Banks look for growth opportunities again

Over the past 11 years, the annual number of bank mergers and acquisitions has decreased by 43% - from 1,400 in 2010 to 800 in 2021. In 2022, when many clients are already tired of pandemic restrictions, banks are once again starting to look for promising players both in home markets, as well as abroad.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the utilization of innovative banking resources in the financial sphere represents a pivotal shift in the way financial institutions operate, and it holds significant implications for the future of the banking industry. The adoption of technology and innovation has brought about a myriad of positive changes, enhancing customer experiences, improving operational efficiency, and fostering new avenues for growth and profitability.

Through the integration of cutting-edge technology such as artificial intelligence, blockchain, and digital platforms, banks have streamlined their operations, allowing for faster and more secure transactions. These innovations have not only improved customer service but have also created more accessible financial services for underserved populations

Additionally, innovative banking resources have paved the way for enhanced risk management, fraud detection, and regulatory compliance. Banks are now better equipped to navigate the complex and ever-evolving financial landscape, providing a more stable and resilient financial system.

The emergence of digital banks and fintech disruptors has forced traditional banking institutions to adapt or risk becoming obsolete. The competition has driven a focus on customer-centric approaches, resulting in more personalized financial services and improved financial literacy.

However, while innovation offers numerous advantages, it also comes with its share of challenges, including concerns about data security and privacy. Therefore, it is imperative that banks continue to invest in cybersecurity and data protection to ensure the trust and confidence of their customers.

In conclusion, the utilization of innovative banking resources has fundamentally transformed the financial industry, offering new possibilities for growth, efficiency, and customer satisfaction. Embracing these innovations will be key to the continued success and relevance of banks in an ever-evolving financial landscape. As we move forward, the synergy between traditional banking values and innovative technologies will be the driving force behind the financial sector's evolution and resilience.

The acute shortage of experts in technology, engineering, data and security is exacerbated by an even broader problem: the traditional appeal of banks as the best employers has dried up. Remote and hybrid work formats have led leading banks to the conclusion that a completely different way of thinking and working style is needed. Banks will have to embrace talent as a key component of their operating model.

From the point of view of economic growth of macro-regions and territories of advanced development, the desire to adapt individual financial institutions and the banking system as a whole to constantly transforming business conditions forces the management of financial institutions to look for new tools and mechanisms for financially ensuring the continuity of the movement of the stages of the reproduction process and stimulating the search for innovative economic mechanisms. growth, as well as sustainable development of the regional economy.

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