

THE MECHANISM FOR DEVELOPING THE ACTIVITIES OF JSC “ALOKABANK” BASED ON INNOVATIVE TECHNOLOGIES

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ABSTRACT

The mechanism for developing the activities of JSC “Alokabank” based on innovative technologies is also aimed at increasing the efficiency of the mechanism. Accordingly, this article considers the necessity of a mechanism for developing the activities of JSC “Alokabank” based on innovative technologies. In addition, proposals are made for introducing a mechanism for developing the activities of JSC “Alokabank” based on innovative technologies in the context of the digital economy.

Keywords: Blockchain, Cloud banking, banking services, technologies, digital banking, digitization, innovation.

INTRODUCTION

An important element in assessing the effectiveness of introducing innovative solutions into banking activities in our country is determining their effectiveness. In this case, it is known that the overall effectiveness of innovation is determined by the following indicators.

The commercial impact reflects the financial consequences of implementing the results of innovative activities for the bank itself, its owners and customers.

This impact is calculated as the difference between financial results and costs and can be positive or negative. Thus, despite innovative approaches to forming new digital relationships in the banking sector, the economic aspects of assessing the effectiveness of these changes remain the same as in other areas of activity.

If we focus on the above aspects of banking innovation, which are the result of the transformation of traditional banking into digital banking, it is necessary to note the typical directions of the transformation of traditional banking services into a digital banking system. An important aspect of such changes is that the basis of the changes being made in the field of innovation is the need to ensure the appropriate level of governance of digital banks.

In addition, if automated technical systems can perform this task based on the algorithms defined in them, then structural changes should be made in the field of bank management related to the need to attract employees who can understand the principles of digital banking. Thus, under such circumstances, digital banking can only be implemented in one of four possible scenarios:

1. Multi-channel banking. Each channel requires its own workflows, content, screen design, and other support tools. Work is repeated many times, and the final result is distributed across unrelated channels. Instead of creating digital business functions for each channel, it becomes relevant to develop one and distribute it centrally across all channels. This requires a central multi-channel digital banking platform to communicate with customers through any touchpoint.

2. Modular banking. Thanks to modular architecture, banks can innovate quickly and according to customer needs. Modular architecture allows the bank to go beyond responding to market realities and actively create them together with the customer.

3. Open Banking. Banks should open their application programming interfaces. If used correctly, it can help improve their products and services. Open banking has several elements: access to connections; distributed work; common sense; and money management.

4. Smart banking. Effective segmentation, targeting, and tracking are achieved by collecting data from various sources and analyzing it to generate effective statistics.

It is worth noting that the development of financial technologies, in which innovations are being implemented in the field of digital banking, leads to the formation of financial ecosystems - systems that unite the use of digital technologies by all financial market participants. However, it should be noted that financial ecosystems develop only if the bank is their basis. Therefore, only with the introduction of financial technologies into banking activities and their appropriate regulation, they will fully transform into banking products and innovative services aimed at increasing fictitious capital.

In particular, now banks have begun to create financial supermarkets, where the client is offered a wide range of innovative digital products and services, not only from the bank, but also from the bank's partner companies. This approach has been beneficial for all participants: for clients, for the banks themselves and for their partners. The financial ecosystem is more than a financial supermarket, it combines many services of various nature on one IT platform, and their providers are not only the banks themselves, but also third-party organizations, so the client receives all the services he needs at the moment on one platform. The main trend in the development of ecosystems is the active struggle for the client and the share of products and services provided to him. The client is always at the center of any ecosystem.

In addition, the feasibility of banking innovations, as mentioned above, is based on the potential market size that the bank creates for itself by improving banking products and increasing the efficiency of customer interactions. In this context, it is appropriate to assess the forecast of the financial capabilities of the market for innovative banking products. The prospects for the development of digital banking are capable of ensuring high profitability for any bank that can provide an adequate level of financing for the implementation of innovative solutions in its activities.

Digitalization creates new opportunities for innovation in the banking business. The use of the latest technologies allows the formation of a new generation of banks with a business model that differs from traditional ones in terms of overall competencies, ownership, operations, mobility and focus on customer needs.

The main obstacles to the introduction of innovative technologies in banking business remain: lack of awareness among the general public about new opportunities for conducting banking business; the risk of hacking and loss of client personal data; limited resources for the introduction of information technologies; lack of experience in conducting business with innovative technologies and robot-bank employees.

Today, the application of digital innovative technologies in banks due to digitalization is being implemented in the areas listed in Table 1.

Table 1 Innovation in banking business in true digitalization

Innovation	Mechanism	Opportunity to enter the banking business
Blockchain	Mechanism for the formation of a common database for operations based on the formation of linear relationships in the banking sector and the openness of information for linear entities	The formation of a new digital banking product with a high level of security and product storage of jointly owned assets - the bank - enterprises, individuals, which has led to a reduction in intermediaries between the bank and the client, a reduction in costs, a reduction in the risk of losing funds, acceleration of information, settlements, and the creation of "smart contracts".
share it	A mechanism for using information and financial resources by "renting them"	Creating a common information base for businesses and using common interfaces to obtain "rented" information and resources.
Crowdfunding	A mechanism for raising funds from a large group of people for a specific project, with or without the participation of a single intermediary, thanks to the capabilities of the Internet.	Financing investment projects by attracting funds from key stakeholders. In this case, the bank can act as a financial intermediary without investing its own funds, without performing the function of accumulating funds and guaranteeing the project; Banks can voluntarily pool their resources and form a "public capital" to invest in a specific project.
Open banking	The technology, which brings together banks and third-party technology providers, allows not only institutions to build networks for data transmission.	To create a new generation of competitive banks, focused on demanding customers who have the opportunity to form their own requirements for the bank. To create a "Banking Trade Center" platform.
Cloud banking services	A mechanism for storing banking information on the Internet	Formation of individual projects for the client (B-Cloud), which is the placement of infrastructure in the cloud and the organization of remote communication channels with the bank, the possibility of obtaining additional services, the possibility of forming an individual. A "hybrid" cloud under a specific client; the formation of a new bank in the "cloud", which allows you to obtain additional data storage capabilities, reduce storage costs, protect additional data, expand the range of financial and non-financial services.
Neobank	Modernized and constantly updated banking with advanced modern functionality, forms of communication and data transfer, including key elements such as the Internet (website, office) and mobile banking (application, messaging).	Affordable financial products; transparency of financial services; simplified lending procedures through the use of innovative non-bank methods of assessing the borrower's creditworthiness, which fully automates and accelerates the allocation of funds; targeting specific market segments, business sectors, vulnerable customers and underserved banking services.

Blockchain is a FinTech innovation that allows banks to create a linear relationship between their customers and banks by digitizing their bank data. Blockchain ensures complete confidentiality of data, increases the level of cybersecurity in the information space, and creates a complete registry of data and a history of banking transactions.

Blockchain technology is characterized by: time saving; cost saving; high level of security. The volume of blockchain technology applications is gradually increasing, and according to forecasts, the average annual growth rate will be 78.8% by 2026.

Smart technology in the banking business involves the "renting" of resources and transferring them to better conditions. Smart technology allows the use of databases in other electronic applications; "renting" financial resources; forming information platforms due to the joint use of financial resources; the bank can cooperate with partner companies on a common information platform, issue loans to partner companies and form its own exchange resources for clients; use in the exchange of documents for opening accounts and obtaining other banking services.

Crowdfunding in the banking sector involves the voluntary pooling of financial resources via the Internet. These pools can be carried out by banks, non-bank financial and credit intermediaries, and individual citizens. According to estimates, the value of transactions in the crowdfunding segment is 1,141.3 million USD in 2022. According to estimates, the value of transactions will show a compound annual growth rate (CAGR 2022-2025) of 1.94%, resulting in a total of 1,209.1 million USD by the projected year 2025. The average campaign financing in the Crowdfunding segment in 2022 will be 6,217 USD. A global comparison shows that the highest value of transactions was achieved in the USA (\$556 million in 2022).

Open banking. The number of open banking users worldwide is expected to grow by an average of 50% between 2020 and 2024, with Europe being the largest market. In 2020, around 12.2 million users in Europe subscribed to open banking services. This figure is expected to reach 63.8 million by 2024. As of 2020, 24.7 million individuals worldwide used open banking services, and by 2024, their number will reach 132.2 million.

Cloud banking creates new, additional opportunities for banks and their customers (Table 2).

Table 2 “Cloud Banking” - Advantages and Disadvantages for Banks and Their Customers

Bank	Customer
<ul style="list-style-type: none"> - blockchain banking technology, opportunities for artificial intelligence; - simplification and optimization of business processes; - reduction of business process costs; - growth of competitive advantages; - formation of a single platform for customer service between banks, enterprises and financial institutions; - increasing the ability to protect the database using biometrics and securely encrypted personal memory. 	<ul style="list-style-type: none"> - access of customers to the interbank market for currency purchases; - the ability to receive services such as depositing, lending, guaranteeing, exchanging, transferring, paying bills, etc. via a mobile phone; - the ability to interact with banks around the clock; - the ability to provide multifunctional interaction for a bank client thanks to the Internet of Things, blockchain, - artificial intelligence; - discounted service; - signature expansion service; getting the opportunity to conduct business on a single intelligence platform; - the ability to receive individual services in full integration with your smartphone, laptop, tablet, computer; - flexible pricing for services; - receiving non-financial services for individual profile customers; - the ability to form your own infrastructure in the cloud (B-Cloud); getting additional protection of personal data.
Negative aspects	
<ul style="list-style-type: none"> - hacker attack; - poor decision-making due to artificial intelligence failures; - poor customer service and technology; 	<ul style="list-style-type: none"> - loss of personal data; - wrong decision-making due to artificial intelligence failures; - dependence of business decisions on the Internet; - lack of cloud technologies, device capabilities for downloading

Thus, we can conclude that in the context of the rapid digitalization of economic relations in general and, in particular, taking into account the processes of transforming banking into digital banking, the process of financing the development and implementation of banking innovation management should be viewed as the activity of the bank's new digital banking technologies. At the same time, the use of automated systems for managing banking innovations based on cognitive technologies and artificial intelligence in order to increase the efficiency of innovation management and ensure appropriate efficiency in dynamic market conditions is an objective necessity and is possible only with the use of digital technologies.

It is also important to give priority to the subordination of organizational and economic transformations of banking activities to the requirements of modern digital banking, aimed at achieving the strategic goal of the banking institution, as well as meeting the innovative digital needs of bank customers. Therefore, the comprehensive improvement of the bank's innovation management system should focus on improving banking products both organizationally and economically and ensuring the introduction of integrated digital solutions aimed at meeting the needs of customers for digital innovative products that meet their needs. Only on this basis can the innovation policy of banking institutions be successfully implemented.

In conclusion, the mechanism for developing the activities of JSC "Alokabank" based on innovative technologies plays a key role in ensuring the stability, economic security and financial stability of the banking system today. For the effective implementation of this process, it is necessary to introduce international experience and modern regulatory approaches. This will increase the competitiveness of the country's banks and contribute to overall economic development.

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