

MECHANISM OF INNOVATION IN THE ACTIVITIES OF AT “ALOKABANK” IN THE CONDITIONS OF THE DIGITAL ECONOMY

O. A. Berdiboev,

Independent Researcher, Tashkent University of Information
Technologies named after Muhammad al-Khwarizmi

ABSTRACT

The aim of the article is to increase the efficiency of the mechanism of innovations in the activities of JSC “Aloqabank” in the conditions of the digital economy. Accordingly, this article considers the need for a mechanism of innovations in the activities of JSC “Aloqabank” in the conditions of the digital economy. In addition, proposals are made for the introduction of a mechanism of innovations in the activities of JSC “Aloqabank” in the conditions of the digital economy.

Keywords: Innovation, efficiency, commercial banks, banking services, technologies, digital banking, digitization.

INTRODUCTION

The introduction of scientific and technical achievements into the process of organizing innovative banking services will not only ensure the continuous improvement of banking products, but also lead to the systematic transformation of existing banking technologies into a specific digital banking system [1]. Thus, the study of problems related to the management of innovative activities of banking institutions becomes especially relevant in terms of the need to provide banks with liquidity and provide sufficient opportunities for attracting financial resources to the market for active operations [2].

Since such innovations are currently concentrated mainly in the field of digital technologies, effective management of digitalization of banking innovations is one of the key elements of their success in fierce market competition [3].

Many theoretical works are devoted to studying the issues of increasing the efficiency of introducing innovative technologies into banking activities in the context of the transition to a digital economy and the need to form digital banking [4]. It is worth noting that scientists are actively discussing the need to choose an innovative path for the development of banking institutions and study the main issues of managing the innovative potential of commercial banks.

At the same time, the rapid spread of digital technologies and the general digitization of financial and monetary relations, the emergence of cryptocurrencies and virtual banks, the systemic changes taking place in the field of banking products today require a careful study of their specific features. These processes should be focused on the processes of digitization of innovative banking solutions, since in the modern economic system they can provide commercial banks with the appropriate level of interaction with customers and help banks actively attract financial resources to foreign markets.

The methodology for researching banking innovations involves the formation of systematic methods for classifying them in order to identify appropriate tools for their management.

From this perspective, regardless of the technological characteristics of the changes introduced into banking activities, innovations are divided into the following areas of their implementation:

- Innovative innovations are the latest ways to improve existing banking services and products, as well as allow the development of new types of banking products at a new technological level or using innovative technologies;
- Strategic innovations, which consist of developing and implementing innovative marketing strategies in the banking sector and are mainly based on modern digital technologies and digital software solutions;
- Technological innovations - innovations related to customer service and related to changing internal banking processes, including improving internet banking systems and the mass introduction of chatbots;
- Structural innovations that involve the structural transformation of a banking institution into a digital banking system or the transformation of certain elements of banking operations into more advanced technological solutions to ensure overall operational efficiency.

However, if we talk about managing banking innovations and changing the overall system of economic relations from the perspective of forming a digital economy, it is recommended to use international standards for banking innovation, which are divided accordingly.

1. Product innovations related only to the development and implementation of the latest banking products and services, and their promotion in the market.

These innovations are divided into real products in the form of financial instruments and banking products. Real product innovations include those related to the traditional activities of banking institutions and those related to the entry into other areas of financial activity - investments, insurance, trust management.

2. Process innovations, which consist in the implementation and implementation of new or fundamentally improved principles, technologies, equipment and software solutions of banking activities. These innovations improve the conditions and mechanisms for banking institutions to meet the needs of business entities for various financial services.

These innovations are determined by the following processes:

- Technological process innovations - related to the development of the bank's technical capabilities;
- Real process innovations – improving business processes in banking;
- Service innovations, which involve the introduction of qualitatively new approaches to customer service and are currently the main product of digital banking.

3. Marketing innovations related to improving the "4P" complex - product, place, promotion, price, which involves promoting banking products in new markets, improving bank marketing communications, and innovatively improving banking product sales channels.

The practice of recent years shows that the systematic introduction of innovations into banking activities implies the creation and improvement of the distribution of new banking products and technologies to meet the changing needs of customers under the influence of many factors. It should be noted that most of the innovative solutions in the banking sector implemented in modern conditions are, first of all, an effective means of competition, since through the use of

digital technologies, it is possible to satisfy the needs of customers that cannot be identified through traditional banking services.

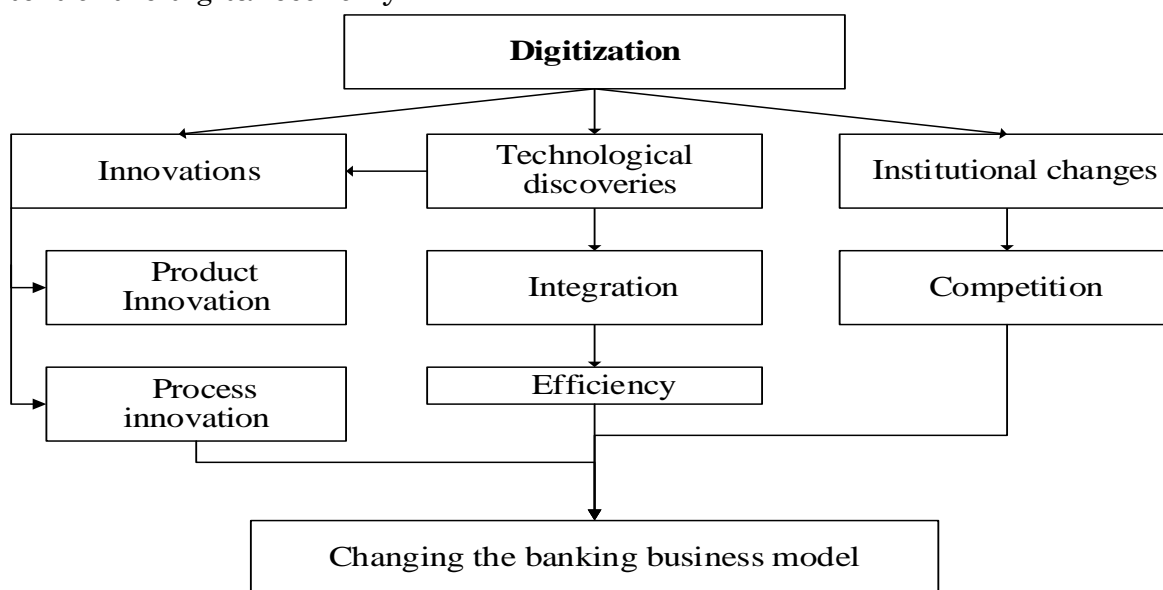
It is also important to take into account that modern digital technologies allow you to automate the process of introducing innovations and managing their use. This is largely due to the fact that digital banking is based on software solutions of the digital economy, which, in turn, involves continuous analysis of Big Data online 24 hours a day.

Such analysis allows banks to obtain extremely accurate and reliable information about the needs and behavior of customers, which serves as the basis for formulating a policy of interaction between the bank and them.

However, traditional approaches to managing such analytics are not possible because of the amount of data to be processed, as well as the fact that such analytics algorithms are based on digital technologies.

Thus, we can support and regulate the view that modern banks operate in conditions of rapid and irreversible changes in technology, competition from an increasing number of non-bank organizations in the banking market, and changes in customer behavior.

1- table. Introducing a mechanism of innovation into the activities of AT “Aloqabank” in the context of the digital economy



As a result, banks operating today and their business models cannot remain unchanged in the future.

Based on this, it can be said that there is a close connection between the processes of forming a digital bank and the processes of rapid introduction of innovations into the banking sector, which are being implemented in the context of the systemic digital transformation of the banking sector (Table 1).

Thus, in the context of the general digital transformation of banking services, innovation of banking institutions is a key requirement for ensuring their profitability. In this context, innovation should cover all areas of banking activities, including internal technological and organizational innovations used directly in the bank, as well as external innovations aimed at improving or implementing new methods of selling banking products, developing new marketing technologies, or new forms of financial and investment instruments.

Taking into account the specific features of the formation of digital banking systems under the influence of digital technologies, the following innovative software solutions are currently being identified, the implementation of which will be associated with the innovation policy of banks in the coming years. These areas include:

- Changing the organizational structure of banks based on the introduction of Web 2.0 and "web life", which will lead to a significant reduction in the number of employees of banking institutions, who will be replaced by chatbots and artificial intelligence;
- creating a single online investment marketplace that will allow clients to directly access transactions with their own funds and sell bank analytical software solutions to investors to determine the effectiveness of investments;
- the final formation of Internet banking as the main method of providing customer service with the subsequent transformation of the banking institution into a virtual bank;
- full use of electronic payments by bank customers and expansion of financial transactions in the field of cryptocurrencies;
- improving the identification and verification of bank customers using biometric means in order to increase the security of banking transactions in terms of digitalization of economic relations;
- development and implementation of cash management;
- deepening cooperation with insurance companies and forming financial groups with integrated banking and insurance products;
- improving risk management systems based on big data analysis, which will significantly increase the efficiency and reliability of forecasting market processes;
- generate new sources of funds to finance banking innovations by including them in the costs of servicing customers with digital software solutions;
- Continuous development of new banking products and improvement of existing ones based on the continuous introduction of the latest innovative digital solutions into automated banking control systems, with subsequent transformation of them into self-regulating digital systems.

The main institutional factor influencing the development and implementation of banking innovations in the digital economy is the current system of banking regulation, as well as the legislation governing the development of other financial markets. At the same time, the specific mechanism for implementing a bank's innovation policy includes elements of analysis and the need for resources to ensure the implementation of innovations.

Another problem related to the expediency and effectiveness of banking innovations is the need to take into account the real needs of consumers for the implemented digital banking products. At the same time, more reliable data on customer needs can be obtained only after the introduction of innovative software solutions that track and analyze these needs into banking activities. Therefore, it is necessary to form a set of basic requirements for innovative banking products, compliance with which will allow to increase the efficiency of the bank's interaction with customers and ensure the overall growth of the profitability of banking operations based on these innovative solutions.

In our opinion, such basic requirements include:

- compliance of innovations with current and prospective requests from bank customers;

- planned financial coverage of innovative solutions and products introduced in banking activities;
- providing the best technical solutions in terms of the characteristics of an innovative product or service compared to existing counterparts used in the activities of banking institutions;
- compliance of the introduced innovative products with the established strategy for the development of the banking institution.

In conclusion, the mechanism for developing digital technologies today plays a key role in ensuring the stability, economic security and financial stability of the JSC “Aloqabank” system. 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.

REFERENCES

1. Gurkov, I.B. “Issues of innovative banking management”. Moscow, 2021.
2. Kuznetsova, N.V. “Financial Services Innovations in the Digital Economy.” Petersburg, 2022.
3. Johnson, R. & Smith, K. Digital Banking Transformation. Wiley, 2020.
4. Sheremet, A.D. “Strategic Digitalization of Banking Operations.” Economic Review of Uzbekistan, 2023.
5. OECD Report: "Digital Innovation in Banking". Paris, 2019.
6. Panfilov, V.N. “Banking Innovations and Digital Technologies: An Analytical Approach.” Moscow, 2022.
7. Big Data Analysis for Financial Institutions: A Practical Guide. Cambridge University Press, 2021.
8. Rashidov, U.R. “The Importance of Innovative Technologies in the Banking Sector of Uzbekistan.” Tashkent, 2023.