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**INNOVATIVE PROSPECTS FOR THE DEVELOPMENT OF THE
BANKING SECTOR OF UKRAINE**

Innovation for banking institutions plays a significant role, influencing the directions of further bank development and the banking sector as a whole. Strategic planning of banks should be based on innovative technologies, as it is the goal and integral component of the further long-term activity of financial markets [1, p. 6].

The main incentive for innovative transformations in the banking sector is the specifics of its development in the context of globalization and competition, as well as the need to counter high risks of entrepreneurial activity. Therefore, the activation of the innovation process should be considered as a necessary condition for the successful development of banks in modern conditions. It is carried out according to three leading vectors [2, p. 14].

The first vector of innovative development of the banking system is based on the introduction of the latest banking services and technologies and inextricably linked with the processes of financial globalization, which is now the main trend in the development of the international economy. It, in some way, affects the behavior of all economic agents and all processes that occur in the world economy.

Due to globalization, banking activities can develop in areas, which are emerging, and there is a need to introduce the latest banking products and services. Thus, innovative development today and in the future will become one of the most important factors affecting the competitive advantage of certain banking institutions in the global financial space. That is why banks should create new and improve existing banking products, as well as use modern information technologies and technological equipment to increase their competitiveness, efficiency and have certain advantages in the fight for the client [2, p. 15].

The second vector is aimed at introducing the latest marketing strategies and methods, which should be aimed at attracting and increasing the client's interest in certain banking services. In this direction, it will be advisable to develop online technologies, which, in turn, will contribute to the transparency of the banking institution's activities, allowing customers to get the most profitable goods and bank services without any problems.

Through the introduction of innovative means of communication, high-tech equipment and electronic technologies, the bank can organize better and faster service and transmission of information. In addition, it significantly affects the operational management of financial flows on a global scale and is positively reflected in the short and long term activities of banking institutions [2, p. 16–17].

The third (main) vector of innovation development in the banking sector is of great importance in optimizing the organizational bank structure, since it affects the ability to adapt to the growth of technological needs and build a business model that would have high competitiveness in the competitive environment of the financial market, which is associated with the provision of banking services involving innovation. This vector reflects major changes in the entire paradigm of banking innovation. This happened as banking institutions have changed their activities from the introduction of product innovations, which have only a temporary competitive advantage, to the creation of innovative business-models that significantly affect financial performance and are the main means in competition [2, p. 19].

Therefore, in the context of increasing competition in financial markets, innovations in banking institutions should be aimed not only at retaining existing ones, but also at attracting new customers, while also expanding the range of banking products and services and improving ways of providing them to consumers.

All these actions taken to maintain competitive advantages should be constantly improved, and in such conditions the quality should remain at a decent level and constantly improve. In addition, it is necessary to introduce more progressive management structures that will be able to respond to various external and internal changing factors, ensure effective cost control and implement an innovative strategy for the development of a banking institution.

References

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