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A Study on Developing Contemporary Approaches in Banking and Commerce

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Abstract: *Developing contemporary approaches to the formation of credit institution innovation strategies based on nontechnological innovations is the goal of this research. A conceptual model for the formation of credit institutions' innovation policy was developed as a result of the analysis of theoretical material, and the impact of nontechnological innovations on the effectiveness of their operation was evaluated. A mathematical model and a method for operative control over the process of implementing a set of innovation strategies included in the development plan of a credit institution have been developed and proposed based on the classification of the portfolio of innovation tools. 1 Introduction In a competitive environment, the activities of credit institutions are associated with the influence of a large number of various factors that have a direct impact on their development.*

Keywords: Mathematical model, innovative, bank, technology, economy

I. INTRODUCTION

The most significant of these include reduced banking product life cycles, increased competition, and the globalization of global markets. As per the powerfully changing natural circumstances, any credit foundation as an undeniable market member is compelled to change itself, turning into the initiator of its own authoritative changes. It goes without saying that the changes shouldn't happen by accident; rather, they need to be done in a methodical manner and within the context of resolving the issues associated with modernizing the management and economic activities of credit institutions. The innovative development of credit institutions, which is based on evolutionary and revolutionary strategies, is one of the directions for the success of such changes.

In credit organizations that execute transformative procedures, the fundamental focal point of designers is pointed toward finding techniques and instruments that take into consideration more useful and effective utilization of beginning upper hands. In financial aspects, the underlying (asset) upper hands, generally speaking, connect with Level 1 resources (lower), which have a pattern of being immediately depleted or replicated by contenders.

II. MATERIALS AND PROCEDURES

The modernization of credit institutions' management systems and the adoption of cutting-edge management techniques and tools frequently focus on enhancing the same initial resource advantages. At the same time, organizational and economic (managerial) innovations, which are sometimes referred to as "non-technological" innovations, are clearly undervalued as components of credit institutions' strategic potential. Analyses of commercial banks' use of non-technological innovations show that this is true. One reason for this is that the term "innovation" is often misunderstood, making it hard for credit institutions to use the most recent management tools and techniques.

It identifies three essential characteristics that define innovation for the actual economy: novelty; fulfillment of market demand; business viability In contrast, in the banking industry, the term "innovation" has a broader meaning and encompasses a wider range of essential characteristics of the novelty

Because of this, we are able to draw the conclusion that, within the banking industry, the term "innovation" refers to any and all managerial innovations that result in an expansion of profits or the customer base as a result of positive economic or strategic effects.

It is crucial to note that non-technological innovations are not even organized or combined into an "innovation portfolio" in the scientific literature. This is critical when selecting the most appealing strategies for the innovative development of credit institutions in the context of their modernization for various market segments.

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A new integral approach was proposed to select directions of innovative development of credit institutions. Practice demonstrates that neither the evolutionary nor the revolutionary type of modernization “alone” guarantees obtaining the results necessary for the creation of a high-demand and high-quality banking product [4]. In order for the proposed model to effectively fulfill the intended role for a more active transition from an evolutionary to an innovative (revolutionary) type of development, it must first achieve its objectives.

It is essential to combine these methods with the simultaneous application of contemporary strategies and organizational models. This kind of integration makes it possible to swiftly switch from strategies that are primarily evolutionary to strategies that are based on Level 1 and Level 2 assets simultaneously. The formation of innovation strategies is carried out within the framework of the existing legal and regulatory environment, the reproductive demand for banking services, and the utilization of demand-stimulating marketing mechanisms. Innovation strategies in this instance may include the entire range of innovations, including those of a technological, organizational, and investment nature.

The author identified, categorized, and combined a set of non-technological (managerial) innovations, which serve as determining components of the strategic potential of competition credit institutions, in the "Innovation portfolio" based on the analysis of domestic and foreign experience in the use of nontechnological innovations in the banking sector of the economy. At the same time, it is recommended to count a credit institution's innovation potential as the result of summing up innovation capacities of an organizational, managerial, and technological nature (The managerial impact of commercial banks on the potential consumer preferences of customers in relevant market segments is significantly enhanced and accelerated by this integration of innovation assets of competition at various levels .

The following formula will be utilized in the calculation of a credit union's total organizational and economic strategic innovation potential:

$$SPb = SPtp + SPoep + SPp$$

(1) SPtp is a credit institution's current potential; SPoep is a credit institution's strategic and productive potential; SPp is the strategic potential of personnel.

Based on the calculation of the integral factor using formula 2, it is suggested that an evaluation of a credit institution's effectiveness in utilizing its design innovation potential be made in this instance:, in which: - points, a crucial indicator of the success of the financial institution; ai is the priority given to a particular set of innovations, points; bi - a professional evaluation of the innovation's degree of feasibility, points; bmax-the most extreme conceivable appraisal of the level of possibility of a complex of developments, focuses.

Utilizing a process approach in the implementation of innovation strategies, Formula (2) enables a credit institution's management personnel to combine creativity with strategic ambitions (motivation)

The proposed method has several advantages over the purely expert approach, including the ability to numerically calculate the integral indicator of banks' success in competition from an expert and high-quality set of competition assets and their subsequent impact on bank performance .

The proposed method enables the analyst of the department of strategic management and development of a credit institution to record possible deviations when they occur, to establish the reasons for deviation from the adopted schedule, and to determine what control actions should be taken as part of the correction of achieved in the next stage. In this instance, real opportunities appear for specialists of the department of strategic development and management of a credit institution at the stage of pre-project development to form and select options for innovation strategies for various conditions and market segments.

III. CONVERSATION

Administrative advancements in the financial area of the economy, generally, influence the interests of an enormous number of related market entertainers going about as hierarchical obstructions to replicating and straightforwardly moving compelling developments to the serious field of other business structures. Among the other innovations utilized by credit institutions operating in an environment with a high level of competition, this turned out to be the most preferable competitive advantage under the conditions of systemic transformations and modernization of the banking sector of the economy.

IV. CONCLUSION

In contrast to the real economy, the main tool of competition in the markets for banking products is not technological dominance but rather the provision of services to customers and the expected value of a banking product at a lower cost and in a shorter amount of time. Because of its high level of quality and low cost of after-sales service, this banking product gains value. This makes it possible for financial institutions to develop cutting-edge innovation strategies for their growth while also instilling in their customers an appealing and risk-free brand.

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