

УДК 336.719

Tetiana Gavrillko
Ph.D., Associate Professor,
Associate Professor at the Department of Finance, Accounting and Taxation,
Yuliia Zaiats
higher education applicant,
National Aviation University (Kyiv)

INNOVATIVE ACTIVITIES OF BANKING INSTITUTIONS

Annotation. Innovative technologies, the implementation of which contributes to the improvement of the processes of implementation of banking operations, are studied. The role of FinTech in the banking sector, the reasons for their popularization and development prospects are analyzed.

Keywords. FinTech, banking operations, neobanking, mobile banking, online transfers, globalization, digitalization.

The innovative activity of banking institutions is connected with the use of FinTech, which become dominant in the successful development of the banking system. The revolution in the FinTech industry has had a huge impact on both the banking industry and banking operations. These technologies quickly found their place in the banking sector, creating new solutions to standard banking problems.

Traditional banks and other financial institutions that had clear advantages a few years ago now face competition. FinTech have created unique services in the banking sector, and thanks to their breakthrough, such concepts as online banking and mobile banking have become known to mankind. That is why the study of the impact of FinTech of companies on the development of banking operations is an urgent topic for further research.

Regarding changes in the banking, big data applications and financial services sectors, FinTech companies have achieved particularly positive results in implementing these changes. FinTech is used for many important financial functions, such as digital payments, investing and asset management, as well as lending and repayment of loans, trading for individuals [1, p. 8].

A striking example of the growth of FinTech in banking operations over the past few years is the dynamics of transactions in the banking sector by technology segments (for more details, see Fig. 1). Analyzing Figure 1, we see an increase in transaction volumes for each of the FinTech banking segments, with an average growth of 430% from 2017 to the end of 2021. The greatest growth was accompanied by neobanking, the amount of transactions for which increased by 11 times over the period under study.

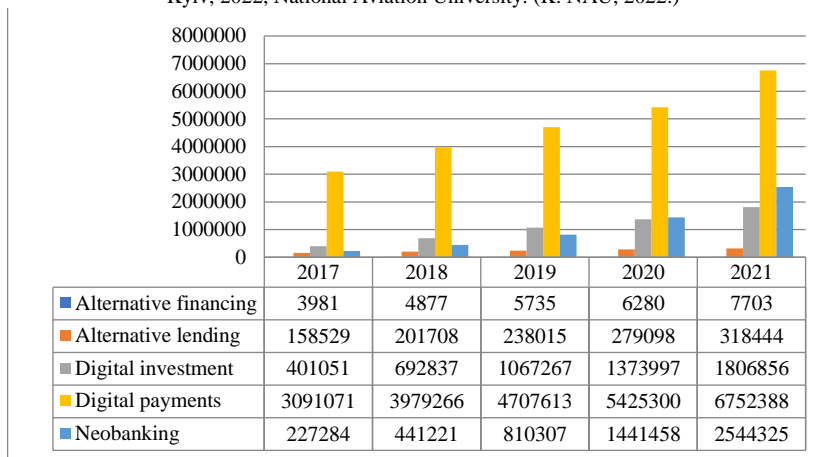


Figure 1 - Dynamics of the volume of transactions in the banking sector by FinTech segments for the period at the end of 2017-2021, thousand dollars
Source [2, p. 1]

The volume of the global neobanking market in 2021 is 2.5 times compared to 2019 and was estimated at 47.39 billion US dollars. It is expected that in 2022 the volume of the global neobanking market will reach 66.82 billion US dollars.

FinTech make the world more inclusive [4, c. 125–135]. Whether funds are transferred between individuals or between legal entities, FinTech innovations have made international money transfers much easier than they were five to ten years ago. FinTech companies attract huge venture investments around the world to develop and create new technologies in the field of banking services.

Саме FinTech є для банків передовими технологіями, що допомагають їм залишатися конкурентоспроможними у швидко мінливому конкурентному бізнес-середовищі. Richard Lamb, CEO of Accenture Group, noted that banks around the world are following the wave of industry 4.0, as inventions and new service models combine FinTech with the traditional financial services industry [5, p.2].

Akpan and a number of other researchers noted that this digital transformation is seen as a means of exceeding customer requirements, a competitive advantage most banks need to survive COVID-19. For example, after the COVID-19 pandemic, customers of all ages quickly learned to use online banking services when bank branches closed at short notice.

Customers prefer convenience, lower costs, speed and reliability when choosing financial services. Indeed, many FinTech products have impacted people's daily lives, such as online money transfers, real-time payments and loan approvals, and remote account opening. It is the use of video and face recognition technology in

remote account opening functions that allows customers to open bank accounts on mobile devices without visiting a physical branch. The experience of combating COVID-19 teaches the world that digital banking is the way forward and is a prime example of how FinTech are influencing the rapid development of banking operations, simplifying and improving them.

FinTech are in the focus of attention in the global banking sector. Banks tend to offer partially or fully automated services and move away from labor-intensive operational business a model, which increases the convenience and accessibility of banking services. The emergence of such a concept as a file transfer protocol allows customers to access services 24 hours a day and seven days a week. Banks are developing non-physical service channels by implementing operational solutions and developing new methods for establishing contacts with potential customers, attracting new and retaining existing customers.

Over the next three to five years, FinTech will develop in the banking sector in such areas as robotic investment, consumer lending automation, clearing and cash and securities transactions. It was the presence of FinTech in banking operations that led to a fundamental change not only in the banking sector, but also simplified such operations as paying bills, transferring funds, creating and opening new accounts. These technologies are not only a driver for the development of banking operations, but also make our life easier, because we can remotely order things, pay bills or top up our mobile, while saving both our own time and the time of banking institutions employees.

References:

1.Global Fintech Investment Growth Continues in 2016 Driven by Europe and Asia. Newsroom **Accenture Study Finds.** URL: <https://newsroom.accenture.com/news/global-fintech-investment-growth-continues-in-2016-driven-by-europe-and-asia-accenture-study-finds.htm> (date of accessed: 29.10.2022).

2.Transaction Value (2021), URL: <https://www.statista.com/outlook/dmo/fintech/worldwide> (date of accessed: 29.10.2022).

3.Neobanking Market Size, Share & Trends Analysis Report By Account Type (Business, Savings), By Application (Enterprises, Personal), By Region (Asia Pacific, Europe), And Segment Forecasts, 2022 – 2030, URL: <https://www.grandviewresearch.com/industry-analysis/neobanking-market> (date of accessed: 29.10.2022).

4.Gupta, P. T., & Mandy, T. Fintech: The new DNA of financial services. *Journal of Services Marketing*. 2018. 20(2). PP. 125-135.