



THE IMPORTANCE OF INNOVATIONS IN THE MANAGEMENT OF THE BANK'S OPERATIONS

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ABSTRACT

The article discusses the need for the development and implementation of innovative approaches and management mechanisms that contribute not only to retaining the occupied niche in the banking environment, but also to development in the future.

Main part

A stable, developed financial system is a necessary element of a market economy. Commercial banks occupy one of the dominant places in the financial system. However, in the face of tough competition and a rapidly changing environment for effective functioning, commercial banks need to regularly develop innovative approaches to managing their activities. Currently, innovations are one of the main aspects of the development of all spheres of the economy, including in the banking environment. It should be noted that the development and application of innovative management methods seems to be a fairly new phenomenon. The modern economy is undergoing constant changes, and its development is acquiring a qualitatively new character. The banking sector is also developing and introducing various innovations into its activities, not only in the quality of the offered banking products, but in the form of new approaches and management mechanisms.

Before considering innovation in management, it is necessary to investigate the

concept of "innovation" in general. In a general sense, innovations are characterized as innovations, in the form of products, technologies, introduced into production or services, and representing the results of scientific inventions and discoveries that differ significantly from analogues or have no analogues. In the large accounting dictionary [3, p. 574] the term innovation is characterized by two definitions: first, as "investment in the economy, ensuring the change of generations of technology and technology"; secondly, as "a new technique, technology, which is the result of the achievements of scientific and technological progress." A. I. Orlov [6, p. 298] notes that "innovation is innovation, change. Any innovation is the result of a decision or a series of decisions. Some changes are imposed from the outside, others are initiated by us."

An innovation is an implemented innovation that provides a qualitative increase in the efficiency of processes or products that is in demand by the market. It is the end result of a person's intellectual activity, his imagination, creative process, discoveries,



inventions and rationalization. An example of innovation is the introduction to the market of products (goods and services) with new consumer properties or a qualitative increase in the efficiency of production systems. In a general definition, innovation is the result of investing an intellectual solution in the development and acquisition of new knowledge, a previously unused idea of updating the spheres of human life and the subsequent process of implementation (production) of this, with a fixed receipt of additional value (profit, outstripping, leadership, priority, fundamental improvement, quality superiority, creativity, progress).

Speaking about innovations in management, it should be understood that in this case the quality of the developed and implemented solutions is the basis. The success of the functioning of each organization depends on the competent management personnel and the decisions they make. Currently, the issues of innovative development of economic entities are insufficiently studied, which confirms their relevance. It should be emphasized that innovations in management are of increased interest, moreover, in various fields of activity.

Some researchers, considering innovations in management, touch upon and are based on the modernization of technical equipment, information technologies. Others are based only on the professionalism and qualifications of managers, confirming their view by the fact that without the appropriate level of training of management personnel, modern technologies and technical means will not allow to ensure the growth of management efficiency. In this regard, there is a need for a deep and comprehensive study of control elements, the development and

application of innovative approaches to its organization and implementation.

The modern economy is characterized by changes in the financial system, its globalization. At the same time, new conditions of the external environment in which banks operate, there is a need for the formation of a single information field, and competition is growing. These circumstances require the development and implementation of new banking technologies, technical equipment, the creation of new banking products that are in demand, as well as the development and implementation of innovative approaches and management mechanisms that contribute not only to retaining a niche in the banking environment, but also to develop in the future. Thus, in modern conditions, the need for innovative processes has arisen not only in the activities of industrial enterprises, but also in the activities of commercial banks, including in their management.

In connection with the globalization of the financial system and the possibility of functioning in international competition, the use of innovations in the management of the bank's activities is a prerequisite, and the prerequisites for this are: - changes in the external environment;

- The emergence of foreign banks in Uzbekistan;
- Integration of Russian banks into the global financial system;
- Conditions of fierce competition;
- Restructuring of the banking sector;
- Scientific and technical progress.

The growing importance of innovations in the modern world predetermines the strengthening of the innovative development of economic entities in almost all spheres of activity on the basis of the implementation of promising research projects and the creation of innovative products and programs.



Currently, innovation should be considered not only the use of new techniques and technologies, but also innovations in the field of management. In order to implement various strategically important tasks of the bank, it is necessary to reorganize the system of management decisions based on the development and implementation of innovative mechanisms for managing the bank. In the process of managing a commercial bank with the strengthening of capabilities and the development of scientific and technological progress, the importance of organizational and managerial aspects is increasing, aimed at ensuring the successful development of an organization, which contributes to an increase in the role of managerial and organizational innovations. Of course, the implementation of innovative approaches to managing the bank's activities is impossible without taking into account the main interrelated aspects. Among them, we note the following - a clearly formulated development strategy of the bank; availability of competent highly qualified management personnel; the level of organizational culture of management; regular monitoring of the influence of environmental factors; assessment of the opportunities provided by the external environment; analysis of banking risks; assessment of the competitive advantages of the bank; analysis of competitors' activities; control over the implementation of the bank's policy. The development of the organization, the development and implementation of a new strategy entail the need to change the behavior of an economic entity, its priorities, as well as methods and approaches of management.

The use of innovations in the management of the bank's activities allows solving a complex of the most important tasks:

- Efficiency in making managerial decisions;
- Control over the implementation of the bank's strategy;
- Strengthening of interbank control;
- The effectiveness of managerial decision-making;
- Control over the implementation of the adopted management decisions.

It should be noted that the introduction of innovations in the management of the bank's activities includes the need to develop and apply a set of measures. This process requires significant effort, and its implementation may take a certain period of time. However, such an improvement in the management system and management decision-making contributes to the expansion of opportunities, the emergence of new prospects, and an increase in the competitive advantages of the bank. However, it is necessary to clearly define the management needs, existing weaknesses, and have a sufficient resource base. Of course, the key to the successful development of the bank is the availability of an effective management system that meets the requirements of the time, well-functioning work of departments, divisions and employees.

It should be noted that a significant tool of modern banking management is a systematic approach that allows you to explore and assess the problems that have arisen in the bank's activities, taking into account the impact of the external environment. Often, it is the influence of the external environment (macroeconomic situation, legislative changes, customers' solvency, etc.) that causes most of the internal problems. In this regard, it is very important to assess the impact of environmental factors on the bank's activities and implementation of its strategy. The dynamism of the market situation requires constant changes and



improvement of information technologies, banking products and services. In this regard, classical management methods also need innovations, the development and application of modern approaches and mechanisms that allow them to function in a rapidly changing business environment. In addition, more flexible structures are required that do not resist changes in the environment, but are able to adapt to it or change with it.

In the course of its activities, a commercial bank cooperates and interacts with many different economic entities: owners, shareholders, customers, and competitors, the Central Bank of the Republic of Uzbekistan, regulatory authorities, currency exchanges, and insurance companies. At the same time, it is necessary to build a separate interaction policy with each of them. Thus, the stable and efficient functioning of the bank largely depends on the external environment. The activities of a commercial bank are quite complex, related to monetary relations. It is through the banks that the cash flows that characterize the production, distribution, exchange and consumption of the social product pass. At the same time, banks in the money and commodity markets carry out many operations and provide various banking services. It should be noted that, like any other activity, banking needs to be managed. Fluctuations in the external environment in the form of economic ups and downs significantly affect the development of various organizations, including banks. Thus, the economic recovery has a favorable effect on the functioning of the bank, while risks are reduced, the demand and supply of bank capital grows.

The development of industrial and commercial enterprises, an increase in trade turnover contribute to an increase in the bank's activity, in particular, the range of

services is expanding, settlement and cash transactions are increasing, the possibilities of attracting and placing funds are growing. The securities market is reviving, which leads to an increase in transactions related to it. The rise of the economy also favors the development of foreign economic operations of banks, cooperation of domestic credit institutions with foreign banks.

Thus, the economic recovery creates good conditions for the successful development of banks. However, it should be noted that in this period, negative phenomena may appear in the activities of individual banks, which confirms the need for competent management of them. Of course, during the economic crisis, macroeconomic indicators decrease, and accordingly, business activity and market entities decrease. Such conditions require a special approach to the management of the bank's activities in order to retain and maintain its own positions in the business environment. It is during the economic downturn that the risk of bankruptcy of credit institutions grows, which entails a crisis in the banking system. In this regard, competent bank management is the basis for the effective functioning of the banking system as a whole. In addition, the activities of an individual bank in particular and the banking system as a whole are influenced by trends in the global banking sector. The merger of banks and the formation of mega-banks does not solve all the problems. The effective position of a credit institution in the market is ensured not so much by its size as by the possibility of free access to resources in the market and leaving it.

Banks are able to achieve the highest efficiency of their activities not by increasing their own size, but by attracting new customers, differentiating types of activities [5, p. 688]. The internal structure of a commercial bank must meet the requirements



of the external environment. The profitability of the organization depends on a well-formed structure, on the efficiency of interaction between departments and divisions, as well as on the effectiveness of management decisions. The correct structure allows ensuring efficient work of personnel, rational use of resources, and compliance with the requirements of modern market conditions. Of course, the management automation system also allows for regular all-round control of the performance of personnel by their duties, as well as promptly makes decisions and monitors their implementation. It should be noted that the successful operation of banks especially depends on the ability of their management personnel to quickly assess the situation and make competent economically sound decisions.

Thus, the basis of the activities of a modern bank is:

- Constant striving not only to maintain their own positions in the business environment, but also to expand the scope of activities in the future;

- Creation of a favorable internal environment;

- Regular assessment of the impact of the environment and the development of directions and measures to adapt to its changes, meet the needs of the modern market, creating new popular banking products and services.

The bank's performance is one of the key criteria for assessing the quality of management. At the same time, in the process of researching the results of the bank's work, such qualitative characteristics of financial management as: the adequacy of the bank's capital and assets; sufficiency of formed reserves; financial stability of the bank; bank liquidity; bank profitability. When assessing the quality of management of the bank's activities, particular importance is attached to:

- Qualifications and professionalism of management personnel;

- The ability of managers to quickly assess the situation, respond to changes in the external environment and make the right management decisions;

- Solving tactical problems and achieving strategic goals. In the economic literature, a situational approach to managing an organization and banks is widely described, the essence of which is that the methods of management, goals, means and style of work in an organization are determined by a specific situation.

This does not highlight bad or good management methods, but note the relevance or inconsistency of the method to a specific situation. However, the researchers note that in a rapidly changing environment, bank leaders need to master a wide range of management techniques in order to function successfully. Moreover, many techniques must be combined in the management process. In my opinion, management methods should not only be combined, but they also need to be improved by introducing innovative approaches and mechanisms. In this regard, the presence of a competent and experienced team of the bank and its management is an integral element and, therefore, the key to successful activity. Teamwork aimed at realizing common strategic goals is the basis for effective bank management. As a rule, transformations in the process of innovative bank management include structural and personnel directions. From the standpoint of the first direction, innovative measures are being implemented that allow, through the improvement of the management organization and the formation of favorable conditions for the internal environment, to achieve strategic development goals. The second direction is based on the development of personnel,



improvement of their qualifications and incentives for the implementation of the main strategy. In this regard, for the successful development of the bank in modern conditions, it is necessary to form innovative approaches to bank management, which will improve the quality of its work and, consequently, the results of its activities.

Bank management should be a system that includes interrelated and interacting governing bodies. The management system should be united by: a single clearly formulated bank strategy, a close-knit team, a single information system and a decision-making system. The above components require regular adjustments due to various changes in the environment, as well as control of their work. An efficiently functioning such system will allow you to work harmoniously and achieve great results. It is this system that

will meet the requirements of modern banking management. Summarizing the above, it should be noted that the activities of a commercial bank are complex, subject to the influence of various external and internal factors, some of which open up opportunities, others, on the contrary, carry risks. In this regard, the bank's management system also requires special attention, which should be able not only to maintain the position of a credit institution in the banking environment, to respond in a timely manner to macroeconomic changes, but also to seek opportunities for the bank's development in the long term. Of course, dynamic market conditions require constant improvement of approaches to managing the bank's activities, which undoubtedly entails the need for additional research and development.

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