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## FINANCIAL INNOVATION OF STATE-OWNED BANKS OF UKRAINE

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*Summary. The article outlines the status of the national economy as an important factor influencing on the stability of the domestic banking system, the requirement to improve its financial performance, the achievement of which is impossible without reforming on the innovation basics. Defined the latest*

*global trends in innovation activity of banks, formed the principles of financial innovation, focused on the practice of implementation of financial innovation Ukrainian state-owned banks under condition of globalization.*

**Key words:** *financial innovation, the principles of implementation of financial innovation, financial innovation of state-owned banks, the innovative activities of banks, the innovation policy of banks, the innovative business model of banks, globalization.*

In terms of dynamic processes of transformation of the national economy, there is an urgent need for a balanced and strategic vision of the complexity of the economic situation. In view of significant risks of prolonged political uncertainty, the current geopolitical tensions, the lack of structural reforms and clear regulations, corruption, overcoming serious calls for the national economy and the banking system need to focus considerable effort, in consideration of the limited financial resources in all scenarios of international financial assistance will be tangible, because it is primarily aimed at meeting external obligations. All this requires fundamentally new approaches to economic transformation, the formation of a balanced investment and innovation policies to minimize the gap between the real and financial sectors of the economy, the interaction of business, government and society, build a new model of relations “the centre-regions” for competence approach in the framework of the decentralization process, the relative balance of risks and profitability, traditions and financial innovation in the banking sector.

The purpose of this article is an analysis of the latest global trends in innovation activity of banks, the formulation of the principles of financial innovation for the domestic banking sector, the characteristic practice of financial innovation of state-owned banks.

Global trends in the banking business have a dynamic character changes. Innovation processes in the banking sector underwent a phase of formation and turned into a steady progress. In the focus of this progress are mobility, automated processing of large

volumes of information, channels of distribution. Foreign banks are showing increasing investments in innovation, the adoption of innovative strategies with a clear definition next to the goal, objectives and processes of the system performance indicators. Nowadays drivers are countries that are developing and growing, including Asia, Africa, Russia, Turkey. For several years the international recognition receiving financial innovation banks of India, Korea, Turkey, Spain, Poland. The credibility of the state Ukrainian banks puts the necessary to find compromise between the implementation of the functions conferred on them by the state, for a balanced policy risk management and innovation to further strengthen its competitive position in all segments of the banking market. The principles of creation of financial innovations by domestic banks include: client-orientation, implementation, efficiency, focus on knowledge, valuable, optimal balance of interests and risks, strategic priorities, strategic partnerships, social responsibility.

Among financial stability, efficiency, competitiveness and innovation potential of the bank there is a strong dependence, so the financial innovations play an important role in their provision. Unfortunately, the practice of financial innovations that are implemented in state-owned banks is insignificant. In fact, the path of development of state-owned banks - defensive-oriented strategy to ensure the survival on the market. In further compliance with the inertia of the functioning of large-scale won't be for state banks a significant economic effect, and the gap between them and the commercial banks will maintain or even increase.

The formation of financial innovation in the banking system of Ukraine is a complicated complex problem that applies to and covers all its members and areas of banking activity. Summarizing the development of the banking business from the perspective of financial innovation, we can stay pass stage of formation, where observed: diversity introduction financial innovation in the form of products and services, reactive of market power and incremental of scale of novelty; the fragmentary nature of the innovation; the lack of coordination of implementation of innovative projects and development strategies.

Nowadays new stage have been decided already, the signs of which is the transition to the introduc-

tion of financial innovations in the framework of the innovation strategy, innovation on the basis of the system approach, banks adoption of innovative business models development. But for domestic banks, this stage requires a paradigm shift in their own activities. For state banks financial innovation must become not only new tools of performing the functions of a financial intermediary, but a new technology of management. The adoption of the state banks of innovative business models will allow to overcome the negative impact of their existing models of functioning on the development of the banking system.

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