



УНІВЕРСИТЕТ БАНКІВСЬКОЇ СПРАВИ



ПРОБЛЕМИ ЗАБЕЗПЕЧЕННЯ ЕФЕКТИВНОГО ФУНКЦІОНУВАННЯ ТА СТАБІЛЬНОГО РОЗВИТКУ БАНКІВСЬКОЇ СИСТЕМИ ТА ЕКОНОМІКИ

Збірник тез доповідей

**VIII ВСЕУКРАЇНСЬКОЇ НАУКОВО-ПРАКТИЧНОЇ КОНФЕРЕНЦІЇ
СТУДЕНТІВ, АСПІРАНТІВ ТА МОЛОДИХ ВЧЕНИХ**

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Кузнєцова А. Я., д.е.н., професор, ректор Університету;
Смовженко Т. С., д.е.н., професор, професор кафедри фінансів, банківської справи та страхування ІБТБ Університету, голова вченої ради Університету;
Барановський О. І., д.е.н., професор, проректор з наукової роботи Університету;
Швець Н. Р., д.е.н., професор, директор ІБТБ Університету;
Карчева Г. Т., д.е.н., доцент, завідувач кафедри економіки та менеджменту ІБТБ Університету

Проблеми забезпечення ефективного функціонування та стабільного розвитку банківської системи та економіки: Тези доповідей учасників VIII Всеукраїнської науково-практичної конференції студентів, аспірантів та молодих вчених. – К. : ДВНЗ «Університет банківської справи». – 2018. – ____ с.

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Тези доповідей учасників VIII Всеукраїнської науково-практичної конференції студентів, аспірантів та молодих вчених містять результати пошукових досліджень у галузі банківської справи, ефективності та розвитку банківської системи та економіки, розвитку банківського бізнесу та удосконалення інструментів банківського менеджменту, функціонування та розвитку світової банківської системи та глобальної економіки, банківського регулювання та нагляду, економіко-математичних методів та ІТ-технологій, підвищення ефективності економічної освіти з врахуванням потреб ринку.

Матеріали друкуються в авторській редакції.

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INNOVATION LABS IN BANKING

Iryna Tkachuk

Tkachuk.Iryna.IT@gmail.com

PhD, Associate Professor of Finance and Credit Department

Yuriy Fedkovych Chernivtsi National University

Chernivtsi, Ukraine

Research Fellow of Fil. Dr. Jan.-U. Sandal Institute

Finstadjordet, Norway

A robust banking sector is crucial to the economic health of every nation. Today the traditional scope of banking activities in Ukraine has shifted, thus it is important to keep up with time and to embrace universal banking and electronic transactions. Facing a high level of competition in both the public and private sector, banks are transforming themselves through innovation (Parameswar, 2017).

The most suitable definition for bank innovation is “...management of all the activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (or improved) product or manufacturing process or equipment” (Klepek, 2016).

It is obviously, that bank innovation takes a lot of time, and requires high competence from the innovators. Bales states that there are four pillars of innovation – Context, Culture, Capability and Collaboration (Bales, 2017). He explained them as:

Context. Context was the last of the pillars to evolve, but turned out to be the most important. No innovation process starts with all of the answers, and it is near impossible to create new strategic options that ever scale beyond an experiment without context. That is because most experiments have challenges as soon as an organization tries to integrate them back into ‘business-

as-usual.’ This is where the initiative faces the battle of fitting into incumbent standards, processes and procedures.

The Innovation Context aims to lay the foundations of success right from the start. It involves considerations for Organization Structure; Financial Structure; Physical Space and Location; Identity and Values; Performance Targets and Incentives.

Culture. With the foundation of context in place, an organization needs to work on creating a culture that will empower an innovation process to thrive. This involves potentially creating a ‘safe place’ where the culture is most risk tolerant, thus developing a sense of courage. Key elements of innovative culture include Curiosity; Experimentation; Maker / Hacker; Starting with Why; Learning through failure; Problem discovery.

Capability. A key for an organization is having a way to manage the initiatives in the pipeline.

Collaboration. Finding a collaborative partner can speed up the overall process. The collaboration should create an extension of the value chain in which the organization participates.

To deal with today’s rapid innovation, some global banks are creating specialized divisions – called innovation hubs or labs – designed to operate at the margins of day-to-day operations, in order to ensure agility and responsiveness. These banks tend to establish such specialized operations where they can find concentration of talent (New York, San Francisco, Berlin, Tel Aviv, Singapore, etc.) to facilitate interaction with up-and-coming innovators. Virtual co-working spaces are also part of these initiatives (Trujillo, V., Navajas, S., 2017).

Innovation lab is a specific building or department dedicated to working on prototypes and fleshing out ideas.

Although, innovation hubs are created with a similar purpose, they operate following different strategies. [Citibank](#) for example, invests, accelerates and incorporates viable new solutions for their clients. Through its innovation labs, [Deutsche Bank](#) works with comparatively mature Fintechs and ventures that can show value to the bank’s clients and management in a relatively rapid time frame. [Barclays Bank](#) has a Fintech acceleration programs designed to support nascent and promising Fintech companies. Another way to leverage engagement with innovators is by outsourcing some activities, such as the case with the [CFSI-JPMorgan Financial Solution Lab](#) partnership (Trujillo, V. and Navajas, S., 2017).

Banks, which have innovation labs, see different advantages of their using. The most important of them are (Pilcher, 2015, 2017):

- a response to constant change and challenges, spurred by technology;
- allow banks to continuously engage, listen to and co-create solutions with their customers with the aim of bringing every day banking value to them;
- accelerate banks-wide digital agenda;
- facilitate and institutionalize design thinking and lean startup learning across the organization;
- research emerging technology and consumer trends;
- seed disruptive ideas;
- rapid prototype and pilot test products;
- collaborate with the digital ecosystem, including academics, VCs, and entrepreneurs.

However, there is an idea, that banks cannot be successful with innovation, because they do not want to take the risk. Therefore, they prefer to have a low level of increase and avoid additional risk (Joyce, 2018). In addition, banks are very slow as decision-makers. To speed up the process of innovations creation, Innovation Labs must do the following (Joyce, 2018):

- Use outside resources to reduce cycle by one-third.
- Minimize approval cycles and have them rapid enough to avoid falling into the next year’s fiscal cycle.
- Employ agile development rather than methodologies such as waterfall, which take longer to bring products to market.

- Let C-level executives and the board connect directly with your technology staff and vendors.
- Get consumer feedback.
- Forget top down ideation.

Conclusions. Innovations are very important for banks, because they are working in the society, which changes very fast. To accumulate professionals together and to make the best environment for generation ideas for them, banks create Innovation Labs. Innovation Labs in banking have many challenges. The most important one is that banks avoid high-level risk activities. That is why Innovation Labs are not very fast in the process of creating innovations in Banking. To speed up it, banks have to be more flexible in decision-making and in financial resources attraction; more open for feedback from clients; to strengthen cooperation between employees of different levels.

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