

The Global Innovation in Banking and Financial Sector

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DESCRIPTION

Financial innovation is the process of developing new lending and borrowing methods, services, or products in the financial industry. Macroeconomic terms that describe the work in banking and money management services including saving, investing, and retirement plans are "Banking" and "Finance." The banking and financial services industry is expanding significantly, and there are numerous chances for expansion. Numerous changes have been made as a result of recent advances, including improvements in technology, risk transfer, credit and equity generation, crowd funding, mobile banking, and remittance technology. Moreover, banks now have new and less expensive options to generate equity capital [1].

The conceptual foundation for analyzing banks' business strategies. The traditional premise of banking on digital transformation is referenced. By extending the theory of the banking company, it demonstrates how new financial technology applications will affect financial intermediation and offers an explanation for current patterns. It goes over the alternatives that well-established banks will need to think about in order to lessen the risk to their profitability [2]. Deposits and loans are taken into consideration in the context of the threat posed by shadow banking and all-digital institutions. This advances knowledge about the banking industry's future while supplying a structure for academic empirical research. Four potential tactics for market participants are suggested in the discussion: customer retention, customer acquisition, banking as a service and social media payment systems. Reliability will continue to be at the foundation of banking in a world that is becoming more and more digital, it is concluded. Despite this, liquidity transformation will continue to be crucial. Banking and financial services have undergone significant development [3].

Different classification of banks

- Retail banks
- Commercial banks
- Community development banks
- Investment banks
- Online banks
- Credit unions
- Savings and loan associations

Retail banks: Publically accessible services are provided by these banks. A retail bank sells several loans and credit cards in addition to checking, savings, and retirement accounts [4].

Commercial banks: These banks focus on serving corporate clients, such as owners of large and small businesses, nonprofits, and the government. Their offerings are more specialized and frequently include loans for financing, loans for equipment, and loans for real estate.

Community development banks: Community banks, which vary from retail and commercial banks in that they are privately owned, focus on social responsibility. Their primary customers are minorities groups [5].

Investment banks: Investment banks, as their names imply, promote investing capital instead of lending it, whether it comes from clients or the bank itself.

Online banks: Online banks, frequently known as neobanks or virtual banks, they don't have any physical locations. You don't have to concern about taking the bus to the bank because they operate on simple digital sites. To manage their finances, the majority of online banks collaborate with a traditional bank. Numerous conventional banks are starting to provide online mobile banking services as well.

Credit unions: Credit unions are organizations that are solely owned and run by its members. A credit union allows you to deposit money and receive loans. They might have cheaper interest rates and negotiable fees than a bank with a more established reputation.

CONCLUSION

The advancement of the financial industry allows traditional banks to provide a variety of online services. The banking industry is aiming to improve customer service by offering online banking options.

It is also known as virtual banking since it allows consumers to perform online transactions over the internet. Customers can execute financial and non-financial services using the primary medium of the internet. There is ongoing innovation in the financial sector, such as virtual banks with no branches and novel

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online services that allow you to manage your personal account effectively. Virtual banking has fundamentally transformed the financial sector, resulting in a more convenient banking system.

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