

Estimating the Efficiency of Innovation in Banking Industry

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As banks develop using innovation, accompanied by the corresponding increases in per-transaction costs, it is all ever more difficult to maintain operating efficiency and competitiveness.

In order to estimate the efficiency of innovative development of banks, their operational risks, and to define their financial reliability not only today but also in the future, forecast development it is necessary to deploy modern statistical and mathematical methods, in particular, neural networks for the problems of classification, theory of fuzzy sets, stage-by-stage factor analysis in the taking of administrative decisions. To facilitate this a new approach is needed in reporting, that would include not only declarative information about the introduction of newest technologies but also quantitative statistics on the innovative services offered, their risks and their profitability. Today accounting forms and financial reports only include traditional banking operations.

Introduction of the new approaches in accounting and reporting in the banking industry will increase banks' stability and efficiency of banking activities as well as aid in the dynamic development of banks on the new innovative basis, increase financial flows, lower certain types of risks, increase competitiveness of financial institutions.

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