

INNOVATIVE SERVICES AS A WAY TO COMPETE SUCCESSFULLY- THE CASE OF BANKING SECTOR

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Banking sector of nowadays is facing the high-challenging business environment that requires novel tools to compete. Creative and innovative approaches applied to banking can foster the implementation of new products and services in a more productive way. In addition, present global reception requires an ability to come through a change more creatively. It forces banks not only to create new products and services but also to develop new forms to commercialize them and better ways to satisfy clients' needs. Therefore this article addresses main trends and approaches to a competition in banking sector from the angle of innovations.

The relevant state of art reveals that on practice banks are going through an unprecedented period of transformation that promotes a creation of new services [3]. At the same time banking sector faces the challenge of product offering expansion versus cutting costs. This dilemma is consequently a result of bank's attempts to meet the changing demand and needs of its customers and to simultaneously provide delivery systems, necessary to sell and maintain these new offers. All together it means an implementation of two cross purposes tactics. The solution to this is often seen in considering products' management and delivery systems in tandem which means an implementation of unique strategy for both product development and cost-cutting with the help of predictive market segmentation, delivery system life cycle planning, assuring the delivery based on markets and products, and a fully integrated approach that balances efficiency with effectiveness.

Indeed, new mobile information and communication technologies and Internet opened a fresh vein of service opportunities on the financial services to a bank itself and to its clients. The innovation in bank business is directly linked to these new technologies and to the wide adoption of Internet services. Comparing to traditional channels, they have established a relative advantage by offering a easier and more convenient use, time savings and enlarged a range of services.

Among the critical elements of successful mICT and internet services and the factors that influence their assimilation are: the perception of risk, trust and security issues [1], [2]. Among the countries that are most open to mICT and Internet adoption in banking are Canadian and US. A less important perception of risk in these countries resulted in a new way of debiting of online purchases from a customer's bank account. Based on a simple opening of deposit account, the bank created a novel way of debit payments. This innovative service became a competitor to credit cards on the market of financial services on-line as not only it attracts new clients by its high atomization, but also allows a new way of doing debit payments for those who are not willing to use credit cards online or simply don't have them. Therefore the collaboration between providers of electronic bill-payment services and banks is the one to explore.

One the other hand France, a country with relatively high risk avoidance, is much slower in the assimilation of innovative mICT in banking. Concerned with a security, French banks face difficulties in the diversification of their services due to the legislative limitations in commercializing certain products that have to correspond to strict norms. Still, many scholars including Teller and Tournois [4] keep on pointing out the present practices in management trough financial value as too "normative" and insufficient to obtain a competitive advantage especially when there is no focus on long term strategic aspects. Thus, the necessity of constant adoption of strategic collaboration with different types of mICT providers, current and potential clients and even competitors, all together combined with risk management, becomes crucial.

Competitive strategy and the concept of value creation in banking sector are interlinked. To achieve the diversification of services bank must creatively approach the adoption of innovative mICT developments to create novel services with a real added value. This adoption can also speed up the restructuring of banking sector and normalize the practices linked to the organizational and competitive strategy of banks. Finally, the ability of bank to react quickly on innovative mICT, to appropriately estimate their potential impact on bank activity and to follow the innovative approach to doing banking business has to be considered as one of the ways to improve the competitive advantage of a bank.

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