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INTERNET-BANKING DEVELOPMENT IN A CONTEXT OF FORMING BANKS COMPETITIVE ADVANTAGES

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Summary. Scientific and theoretical grounds of Internet banking influence on bank competitiveness are summarized in the article. Methodological

features of displaying this influence in the bank ratings forming are identified.

Key words: *Internet banking, bank competitiveness, rating.*

In terms of increasing competition at both the national and international segments of the banking market, the most important bank management task is to ensure the competitiveness of a bank, forming new and maintaining existing competitive advantages as well. The aim of the paper is summarizing the scientific and theoretical foundations of the Internet banking impact on the bank competitiveness and methodological definition of displaying this influence in the bank ratings forming.

Increasing automation of all banking operations and use of distance banking services in the current environment is gradually becoming a major factor in strengthening the competitiveness of banks factor in the competitive advantages formation in efforts to attract new customers and maintaining the leading position in the banking market. Formation of competitive banks advantages connected with a high level of adaptability and innovation approaches to banking, defined primarily by Internet banking development, which provides customer service via the Internet services without visiting banks branches.

In today's competitive environment banks strategies should be changed from building a branch network that requires significant amounts of spending on its content, to occupying leading positions in the electronic space, connecting to the Internet and computerization of banking business. The use of distance distribution of banking services can cover a wider

segment of customers without geographical limitations.

A traditional method of banks competitiveness evaluating is rating. It is specified in the article that in forming banks rating in Ukraine the reflection of new remote banking services forms introduction is presented scarcely. The need to consider Internet banking development while banks competitiveness ranking on the basis of statistical data research, opinion polls on the status and banking market trends generalizing, studying of the dynamics of the main indicators of the banking segment of financial services market is grounded in the article.

Methodological approaches to Internet-banking rating systems building in Ukraine are studied by the authors. As a result, it is found that criteria system of forming such ratings doesn't consider Internet-banking impact on bank effectiveness. Indicators of financial and economic efficiency of Internet banking should be one of the essential criteria for the formation of bank ratings as the ultimate goal of ensuring competitiveness is to achieve sustainable profitability and growth.

The article states that the evaluation of the Internet-banking impact on banking performance should be based on the basic theoretical and methodological provisions of contemporary neo-institutionalism. This involves determining the economic impact of Internet banking introduction on the basis of volume

savings on transaction costs generalization. The algorithm of calculating economic benefits of the Internet banking introduction as the present value of the savings in transaction costs with considering capital investments in the creation of Internet banking systems is offered by the authors.

The analysis of rating dynamics on the basis of which leading banks are identified is presented in the paper. These leading banks have significant competitive advantages on the banking services market in terms of strengthening their competitiveness in the short and long period. A comparative analysis of online banking ratings and general banks rating in Ukraine is conducted in the article. As a result of this analysis, it is revealed that Internet banking in modern terms is one of the components of strengthening banks competitiveness.

As a result, the following conclusions were made:

1. Improving the competitiveness of the banking market is a main motivation factor to implement Internet banking.

2. Method of Internet banking system rating is not perfect in Ukraine. Its main disadvantages are connected with the significant level of subjectivity assessments obtained. The algorithm of calculating the total banks rating based on averaging of these subjective assessments is quite disputable, as: a) using this algorithm requires scientific grounding of measuring coefficients for criteria groups; b) it cannot form an opinion on the level of approximation internet banking in Ukrainian banks to its best examples used, that means it doesn't reflect online banking development potential adequately.

Taking everything into consideration, the further study of this problem can be conducted to improving of ranking methodology based on comparison of studied banks estimations with standard parameters. This, in turn, requires the solution of difficult methodological task of selecting correct algorithm of evaluating the level of approximation of Internet banking to conventional ideal reference and studying reference values for specific criteria.

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