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INNOVATIONS IN BANK PAYMENT OPERATIONS

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Abstract. This article examines the role and significance of innovations in bank payment operations in the context of the digital transformation of the financial sector. The study analyzes the development of modern payment technologies, including mobile banking, contactless payments, instant payment systems, digital wallets, QR-code payments, and other innovative financial services. Particular attention is paid to the impact of digital innovations on the speed, accessibility, security, and efficiency of payment operations. The article also considers the opportunities and challenges associated with the introduction of innovative payment solutions by commercial banks. The findings indicate that the effective implementation of digital payment technologies contributes to reducing transaction costs, improving customer service, increasing the competitiveness of banks, and expanding financial inclusion. The study concludes that further development of innovative payment infrastructure, strengthening cybersecurity, improving regulatory mechanisms, and enhancing digital financial literacy are important factors for ensuring the sustainable development of bank payment operations.

Keywords: bank payment operations, banking innovations, digital banking, payment systems, mobile banking, contactless payments, digital wallets, QR payments, financial technology, fintech, cybersecurity, financial inclusion.

One of the important innovations in the payment operations of commercial banks is check conversion. This process involves converting checks into electronic transactions.

Check conversion was first implemented in the United States in October 2004 through the “Check 21” system developed by the Federal Reserve System¹.

Check conversion significantly reduces the costs associated with clearing paper checks. However, banks still require the paper version of the check, as they are required to retain the paper version as a daily document.

¹Bradford T. Payment Types at the Point Sale. Payments System Research Briefings. – Kansas City, 2006.



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According to the conclusions of D. Kochergin and A. Yangirova, the implementation and widespread use of distributed ledger technologies can fundamentally transform payment, clearing, and settlement processes within payment systems, thereby increasing their efficiency and reducing settlement risks. The issuance of central bank digital currencies is considered one of the relatively important areas for the application of distributed ledger technologies in the activities of central banks².

Since the 1970s, the increasing political and economic instability worldwide has led to the emergence of confirmed letters of credit, an innovative form of documentary letters of credit.

Confirmed letters of credit enable the beneficiary to mitigate political risks.

Previously, widely used covered letters of credit were inconvenient for importers. The growing economic risks and declining confidence in banks issuing letters of credit created a need to deposit the amount of the letter of credit with commercial banks. In turn, depositing the amount of the letter of credit weakens the payer's cash flow and has a negative impact on its current liquidity.

One of the important factors contributing to the introduction of innovations into banks' payment services is the use of digital technologies. Digital technologies are used to create remote banking service platforms for bank customers.

The key advantages of digital technologies include:

- high speed;
- transparency of transactions;
- ease of communication between banks and their customers;
- reduction of banking costs.

Important innovations in the payment operations of commercial banks include electronic letters of credit and Bank Payment Obligations. The main difference between an electronic letter of credit and a traditional letter of credit is that, in the case of an electronic letter of credit, documents are exchanged through electronic communication channels, whereas in a traditional letter of credit, documents are exchanged in paper form and delivered by couriers. At the same time, the document verification process under an electronic letter of credit does not fundamentally differ from that under a

² Кочергин Д.А., Янгирова А.И. Центробанковские цифровые валюты: ключевые характеристики и направления влияния на денежно-кредитную и платежную систему // Финансы: теория и практика. – Москва, 2019. – №4. – С. 81.



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traditional letter of credit. This is because, after receiving trade documents through electronic media, the bank receiving the documents prints them out and subsequently verifies their compliance with the terms and conditions of the letter of credit. Similarly, under a traditional letter of credit, paper-based trade documents are examined by the receiving bank.

A Bank Payment Obligation (BPO) is an irrevocable and unconditional undertaking of a commercial bank accepting the obligation (Obligor Bank) to make payment to the recipient bank (Recipient Bank). For this purpose, first, the payment amount specified in the terms of the obligation must correspond to the payment amount stipulated in the terms of the foreign trade contract. Second, any discrepancies identified as a result of the matching process must be accepted by the Obligor Bank.

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