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PROBLEMS IN INVESTMENT SYSTEM DEVELOPMENT AND THEIR ELIMINATION METHODS

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ABSTRACT	KEYWORDS
This article highlights the critical issues and priorities related to the strategic development of the financial credit system, analyzing the challenges the system may face, examining the existing literature, and exploring the potential for sustainable growth and stability, also suggestions for solutions and recommendations are presented.	Investment system, strategic development, problems, priorities, artificial intelligence, technologies, risk management.

Introduction

The financial credit system plays a decisive role in the world economy, facilitating economic activity by providing individuals and enterprises with funds. However, this system faces many problems that threaten its stability and efficiency. In this article, we examine these challenges, identify key priorities for strategic development, and provide insight into potential solutions.

A review of the existing literature reveals several recurring themes and challenges in the financial credit system. These include regulatory compliance, technological advances, risk management and market fluctuations. Scholars argue that innovative strategies are needed to address these challenges and ensure system sustainability in the face of evolving economic landscapes.

Research Methodology

If we look at the literature in the field of finance and credit, we can look at a number of books and the lives of researchers. Looking at FinTech and RegTech: The Impact on Financial Services by Arner Barbies, this book explores the impact of Fintech and regtech on financial services, and how digital technology and innovation will impact the financial system.

American scientist Wilson's research titled "Digital Finance: Security and Risk Management" Digital Finance: Security and Risk Management discusses digital finance and security issues, mentions about risk and risk management in digital financial services, and according to the analysis of literature, each necessary knowledge and information for the department can be obtained. After reading each source, it is necessary to extract the main ideas from it and build an article based on them.

Analysis and results

This study uses a combination of qualitative analysis and literature review to assess the current state of the financial credit system and identify priorities for strategic development. Data from authoritative sources such as academic journals, industry reports, and regulatory publications are analyzed to gain insight into key issues and potential solutions. The strategic development of the financial credit system involves solving several key problems and setting priorities to ensure its stability, efficiency and sustainability. Here are some common problems and potential priorities:

• Risk management: one of the main challenges in the financial credit system is the management of various risks, including credit risk, market risk, liquidity risk and operational risk. Prioritizing the development of robust risk management systems, including sophisticated risk assessment models and stress tests, is essential.

Risk management is very important in the financial credit system. Robust risk management systems help institutions effectively identify, assess and mitigate risks. A quick summary of the main risks you mentioned:

Credit risk: This is the risk of loss due to the borrower defaulting on the loan or defaulting on the contractual obligations. To manage credit risk, institutions use credit scoring models, fully evaluate loans and set appropriate credit limits.

Market Risk: Market risk is interest rates, exchange rates and asset prices

as a result of changes in market conditions. Techniques such as value-at-risk (VaR) models and stress tests help institutions manage market risk by quantifying potential losses.

Liquidity Risk: Liquidity risk is the risk that an institution will not be able to meet its short-term obligations. To manage liquidity risk, institutions maintain adequate liquid assets, establish contingency funding plans and monitor liquidity performance.

Operational Risk: Operational risk is the risk of loss due to faulty or failed internal processes, people and systems, or external events. Risk management practices for operational risk include the implementation of robust internal controls, regular audits and business continuity plans.

In addition to these risks, institutions must also consider other risks such as compliance risk, strategic risk, and reputational risk. A comprehensive risk management system must address all these risks to ensure the stability and stability of the financial credit system.

• Regulatory Compliance: Financial institutions operate in a highly regulated environment, with compliance requirements constantly evolving. Ensuring compliance with regulatory standards such as Basel III or local financial regulations should be a priority to avoid penalties and maintain trust with stakeholders.

• Technological innovation: adopting technological advances such as artificial intelligence, blockchain and big data analytics can increase efficiency, reduce costs and improve customer experience in the financial lending system. Prioritizing investments in technology infrastructure and talent development can boost innovation and competitiveness.

The adoption of technological innovations such as artificial intelligence, blockchain and big data analytics can revolutionize the financial credit system in many ways:

Efficiency: AI-powered algorithms can automate routine tasks like credit scoring, credit approval processes, and fraud detection, significantly reducing processing times and human error.

Reduce costs: By streamlining operations and automating processes, financial institutions can reduce operational costs associated with manual and resource-intensive tasks.

Improved customer experience: The use of AI and big data analytics provides personalized services tailored to the individual needs of customers. This includes personalized loan offers, tailored financial advice and faster resolution of customer enquiries.

Advanced risk management: Big data analytics can analyze large volumes of data to identify patterns and trends, allowing for better risk assessment and management. Blockchain technology can also provide secure and transparent transaction records that reduce the risk of fraud and improve trust between stakeholders.

Financial Inclusion: Technology enables financial institutions to reach underserved populations by offering innovative solutions such as mobile banking, digital wallets and microfinance services.

Prioritizing investment in technology infrastructure and talent development is critical to fostering innovation and competitiveness in the financial lending industry. This includes not only purchasing the latest technological tools, but also ensuring that employees have the necessary skills and training to use these tools effectively. By embracing technological advances, financial institutions can stay ahead of the curve, meet evolving customer demands, and ensure sustainable growth in the digital age.

• Financial Inclusion: Promoting financial inclusion by expanding access to credit and banking services to disadvantaged populations is critical to promoting economic development and reducing inequality. Prioritizing financial empowerment initiatives such as microfinance programs or mobile banking solutions can help address this issue.

• Cyber Security: With the increasing digitization of financial services, cyber security threats pose a major threat to the stability and integrity of the financial credit system. Prioritizing investments in cybersecurity measures, including strong encryption protocols, threat detection systems, and employee training, is critical to protecting sensitive financial information and maintaining trust with customers.

• Sustainable Finance: It is increasingly important for financial institutions to address environmental, social and governance (ESG) factors in lending and investment decisions. Prioritizing the integration of sustainability criteria into credit risk assessment processes and offering green financing options can contribute to a more sustainable financial credit system.

• Financial Stability: Maintaining overall financial stability is an important priority for regulators and policy makers. Prioritizing measures to monitor and address systemic risks such as excessive leverage or interdependence among financial institutions can help reduce the likelihood of a financial crisis.

• Customer protection: protecting consumer rights and ensuring fair treatment of customers are the main principles of the financial credit system. Prioritizing initiatives to strengthen transparency, disclosure and dispute resolution mechanisms will help build trust and confidence in the financial system.

By addressing these challenges and prioritizing strategic initiatives, stakeholders can work to create a more stable, inclusive and sustainable financial credit system that supports economic growth and stability.

The results highlight the need for strategic initiatives to address these challenges and take advantage of emerging opportunities. Collaborative efforts between financial institutions, regulators and technology providers are critical to driving innovation, improving regulatory compliance and strengthening risk management systems. In addition, investments in talent development and strategic partnerships can increase the stability and competitiveness of the financial credit system.

Conclusion

In short, the strategic development of the financial credit system requires a multifaceted approach that combines regulatory compliance, technological innovation, and sound risk management practices. By prioritizing these areas and fostering collaboration among stakeholders, the system can adapt to evolving market dynamics and sustain long-term growth. Policymakers, industry leaders and regulators must work together to create an environment conducive to innovation and stability in the financial credit system. Future research should examine the impact of emerging technologies such as blockchain and artificial intelligence on the financial credit system. In addition, research on regulatory frameworks and their effectiveness in protecting financial stability and consumer rights is warranted. In addition, longitudinal studies that track the implementation and outcomes of strategic initiatives provide valuable insights into the evolution of the system over time.

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