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THE IMPACT OF PROJECT MANAGEMENT ON THE EFFICIENCY OF IMPLEMENTING INNOVATIVE BANKING PRODUCTS AND SERVICES

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A B S T R A C T

This article analyzes the correlation between the project management methodologies used and the final results of innovation implementation in banking structures. The study systematizes key success factors and identifies potential risks associated with the implementation of such projects. Based on the theoretical analysis and practical experience, a conclusion is reached regarding the high feasibility of using hybrid project management models in the development and integration of innovative banking solutions.

K E Y W O R D S

Project management, innovation, banking products, banking services, digital transformation, Agile, hybrid methodologies, risk management, bank competitiveness.

Introduction

The scientific novelty of this article lies in the systematic study of the impact of project management on the effectiveness of the implementation of innovative banking products and services, with an emphasis on the experience of US banks. The article combines theoretical approaches (PMBOK, Agile, Benefits Implementation Management) and practical cases from leading banks, identifying key success factors and risks of implementing innovations, and demonstrating the effectiveness of agile methodologies in the banking sector.

The US banking sector has traditionally held a leading position in the global financial innovation market. Changing consumer behavior, increased competition from fintech companies, and tightening regulatory requirements necessitate a radical rethinking of the approaches of major banking and non-banking market participants to the development and implementation of new products and services. Under these circumstances, project management is becoming an important tool for ensuring the manageability and effectiveness of innovation.

Innovations that span digital channels (mobile and online banking), automation, artificial intelligence (AI) and big data technologies require a high degree of flexibility and cross-functional integration. Classical (waterfall), flexible (Agile), and hybrid project management methodologies provide the necessary structural foundation to optimally balance innovation and operational control, minimize risks, and accelerate "pivot points" in response to external changes.

An analysis of leading research reports and publications, in particular those by McKinsey, confirms the complexities and potential of innovative transformation in the American banking sector:

1. Low success rate of digital transformation. According to the McKinsey study "Why most digital banking transformations fail - and how to flip the According to the odds study", only about 30% of banks successfully implement their strategies. Key barriers include underestimating complexity, the burden of technical debt, and dysfunctional interactions between business units and IT functions [1].
2. Building Ecosystems and Growing Revenue. Report "Unlocking the value of technology in banking" demonstrates how one major regional US bank, focusing on expanding its embedded payments and the formation of an ecosystem of additional services (budgeting, cash flow management), achieved an increase in revenue in the business client segment of approximately 30% over a three-year period [2].
3. Productivity Optimization. In the scientific paper "Productivity transformation for US regional banks" emphasizes that successful transformation depends not only on cost reduction but also on structural reorganization, user experience (UX) revision, implementation of appropriate technologies, and the creation of a comprehensive performance monitoring system. An example is the reduction in loan application review time from nine to less than three days, while simultaneously reducing operating costs by 25% without capital technology investments [3].

Research highlights that effective project management in the US when implementing innovations has a direct impact on the following key parameters: speed to market (Time to Market); efficient use of resources and reduction of operating costs; improved product quality and customer satisfaction; effective risk control (including technological, operational and regulatory); adaptability to changing market conditions and new requirements.

The purpose of this paper is to comprehensively analyze the impact of project management (with an emphasis on Agile and hybrid models) on the effectiveness of the implementation of innovative banking products and services in the United States.

Project management (PM) is defined as a set of systematized methods, processes, knowledge, and practices aimed at effectively achieving project goals within given constraints (time, budget, and quality). In the financial and banking sector, PM is a key tool for implementing strategic initiatives, including the introduction of innovative products, digitalization of services, and ensuring compliance with regulatory requirements.

The theoretical basis of PM in the banking sector includes:

- PMBOK (Project Management Body of Knowledge) offers a structured, process-based approach necessary for managing complex, capital-intensive projects with high requirements for documentation and control [4];

Agile, Scrum, and Kanban are flexible work methods in which a product is developed in stages. The team takes small steps, receives feedback, and improves the result . This approach helps banks bring new products to market faster and better address customer needs [5].

Benefits Realization Management (BRM) is a strategic approach that emphasizes not simply completing tasks but also realizing business benefits from them. Unlike the traditional focus on operational task execution (output -oriented), BRM shifts the emphasis to achieving strategic results (outcome -oriented) for the organization [6].

BRM includes processes for identifying, planning, managing, monitoring, and evaluating the benefits of business projects. This approach enables more efficient use of resources and achieves high results for the company.

The financial services sector is characterized by a number of specific conditions that influence the selection and adaptation of project management methodologies:

1. Strict compliance with strict regulatory and legal acts requires exceptionally careful planning, documentation and control at all stages of project implementation.
2. Banking projects are associated with numerous risks (credit, operational, market, cyber). Effective risk management is essential for successful project completion.
3. The need for rapid implementation of innovative technologies (mobile banking, AI, blockchain) requires PM approaches to be highly flexible and able to manage technological uncertainty.
4. Projects include many heterogeneous stakeholders (clients, regulators, shareholders, internal departments). Effective interaction and alignment of interests are key determinants of success.

Agile methodologies are gaining popularity in the banking sector, allowing financial institutions to quickly adapt to market changes, improve customer experience, and increase development productivity.

However, the transformation to an Agile model comes with certain challenges: the need to change corporate culture, retrain staff, and adapt existing operational and control processes. Despite these barriers, successful implementation of Agile can deliver significant gains in efficiency and customer service.

Project management (PM) plays a key role in the successful implementation of innovations, providing a structured methodological framework for implementing new concepts while strictly adhering to time constraints, financial resources, and quality parameters. Effective PM increases the likelihood of achieving strategic goals and contributes to:

- ensuring a clear structure and logical sequence of actions (workflow), which is important for minimizing operational risks and uncertainties inherent in innovative activities.
- rational and targeted distribution of material, financial and human resources, which maximizes the utilization rate of existing potential.
- proactive identification, assessment and minimization of potential threats, which increases the resilience of innovative projects to external and internal factors.
- standardization of processes and strict control of execution at all stages, which guarantees the achievement of target results in accordance with the requirements.

Empirical research confirms that a high level of project management maturity is a prerequisite for completing innovative projects on schedule, within the approved budget, and with the required level of quality [7]. Thus, PM serves not only as a control tool but also as a catalyst for innovative performance.

Table 1 - Key success factors for innovative projects

Success factor	Description
Top management support	Active participation and support from the organization's leadership accelerates decision making and resource allocation.
A clear innovation strategy	Having a clear and coherent innovation strategy ensures that efforts are focused on priority areas.
Cross-functional teams	Building teams with diverse skills and experiences helps generate new ideas and solutions.
Customer Focus	Taking into account customer needs and expectations when developing innovations increases their market demand.
Flexibility and adaptability	The ability to quickly respond to changes in the external environment and internal challenges increases the chances of success.

Flexible methodologies (Agile), including frameworks Scrum and Kanban are relevant in the context of managing innovation initiatives. Applying these approaches offers both practical and strategic benefits:

1. The product is developed in stages - this allows us to quickly create working versions and test them in practice.
2. Continuous feedback from users and project participants helps to better understand what they really need.
3. The flexibility of the method allows for quick response to market changes and risk reduction.

Thus, the integration of flexible methodologies into innovation activities serves as a catalyst for increasing the overall efficiency and likelihood of successful completion of innovation projects [8].

Empirical and academic research demonstrates that project management has a significant impact on the success of innovation in banking. However, methodological knowledge and strategic approaches alone are not enough: it is important to examine specific examples of innovative projects to identify which practices and tools are most effective in real-world situations.

Examining specific examples allows us to identify patterns and best practices that can be applied by other organizations to optimize innovation project management. Below are case studies from leading banks and financial institutions illustrating how project management improves the effectiveness of innovation implementation and contributes to the achievement of strategic goals.

After the financial crisis, Royal Bank of Scotland (RBS) has initiated a radical transformation of its project portfolio management to improve its transparency and efficiency. The implementation of a specialized Planview system Portfolios ™ consolidated data from disparate sources, creating a single source of truth. Results of this initiative include:

- reduction of the volume of business cases from 400 to 25 per year, which increased strategic investment focus ;

reducing the project launch cycle from 8 weeks to 12 days, demonstrating an increase in operational speed (speed - to - market) [9].

Commonwealth Bank (CBA) faced the challenge of data opacity and the lack of a unified system for accounting for expenses on large-scale IT projects. The implementation of specialized tools allowed for stronger financial control and detailed expense transparency within a $1 billion IT budget, leading to more efficient use of capital and improved financial discipline [10].

DBS Bank in Singapore implemented a large-scale digital transformation focused on improving the customer experience and boosting operational efficiency. The project included modernizing legacy systems, integrating cutting-edge technologies, and reengineering customer interactions. The project's success enabled the bank to effectively attract a new generation of tech-savvy customers and strengthen its market position [11].

Fintech Federal Credit Union in Texas implemented a mobile banking platform upgrade project focused on integrating biometric authentication and the latest payment technologies. The results of the flexible implementation PM practices led to:

- increase in the number of active users by 60%;
- a 40% reduction in fraud cases, which significantly increased customer satisfaction and trust in the platform [12].

ING (the largest banking group in the Netherlands) implemented a strategy of integrating innovation at the organizational level by creating Innovation Lab. The goal of this initiative was to develop new products and services beyond traditional operational activities. The bank purposefully spreads innovative thinking and flexible working methods (Agile) throughout the organization, effectively embedding the innovation cycle into the corporate DNA [13]. This example demonstrates the transition from managing individual innovation projects to managing an innovation culture.

Table 2 - Comparison of key aspects of successful projects

Bank / Organization	**The main goal of the project**	**Implemented methodologies and tools**	**Results and achievements**
Royal Bank of Scotland	Improving project portfolio management	Planview Portfolios ™	Reducing the number of business cases from 400 to 25 per year; accelerating project launch processes from 8 weeks to 12 days
Commonwealth Bank	Optimizing the budget for IT projects	Implementation of a new expense accounting tool	Increased data transparency; efficient use of $1 billion budget
DBS Bank	Digital transformation	Modernization of systems; implementation of new technologies	Attracting a new generation of tech-savvy customers; improving operational efficiency
Fintech Federal Credit Union	Mobile platform update	Integration of biometric authentication; new payment technologies	Increase in active users by 60%; decrease in fraud by 40%
ING	Integrating innovation into corporate culture	Creation of Innovation Lab ; dissemination of innovative thinking	Developing new products and services beyond traditional banking; integrating innovation into everyday practices

In the process of implementing innovative initiatives in the financial and banking sector, a number of systematic problems (barriers) and potential risks are identified that can significantly reduce the effectiveness of project activities:

1. A significant obstacle is the institutionalized resistance to change within structures, caused by the reluctance of staff and management to change established operational processes.
2. The limiting factor is the shortage of highly qualified project management specialists with specific knowledge in the field of flexible methodologies (Agile) and a deep understanding of financial technologies (FinTech).
3. There is a difficulty in integrating adaptive (Agile) methodologies into the traditionally hierarchical and bureaucratic organizational structure of banks, which complicates interfunctional interaction and delegation of authority.
4. The need for strict accounting and compliance with stringent regulatory requirements, which often slows down and complicates iterative processes, requiring additional documentation and verification at each stage of the project.

These factors require a comprehensive management approach to mitigate them and ensure the sustainability of the innovation cycle.

Thus, the use of project management plays a key role in improving the effectiveness of innovative banking products and services. The combination of classic and agile methodologies allows banks to simultaneously ensure reliability, regulatory compliance, and flexibility in responding to customer needs. Going forward, the development of competencies in hybrid project management, as well as the integration of artificial intelligence and Big Data technologies, will be particularly important. Data in project management processes.

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