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# Credit and Banking Component of the Market Economy Phenomenon: Methodological Approach Transformation to the Development of Digitalization and Capital Fictivization

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## ABSTRACT

The article is based on the results of the 7th International Scientific and Practical Conference on Economics "The Market Economy Phenomenon: From the Origins into Our Days" held from March 27 to March 31, 2019 in the cities of Sochi and Sukhumi. The theoretical approaches of domestic and foreign researchers to understanding the market economy phenomenon, the specifics of its financial and credit sphere functioning in the context of the digital economy were generalized. The problems of the monetary economy in terms of the sanction confrontation were outlined. The authors analyzed and evaluated the processes and the phenomena observed in the post-Soviet economic space related to the transplantation of market economy mechanisms into the system of social reproductive relations, including its financial component based on their digitalization. The dialectic approach, system analysis, methods of economic and statistical and interdisciplinary analytical tools were used. The article revealed the key components of the market economy phenomenon appearing in the post-Soviet economic space and having a direct impact on the social reproduction results. The relationship was shown between the transformation of the evolutionary and methodological content of the money economy, its institutional and behavioral paradigm, the digitalization of the financial segment of the economic space with the scale of innovation, the penetration of cognitive psychology and neurophysiology into financial and credit relations, and their technological re-equipment. The results of the influence of instability factors on the budget and monetary sphere were presented. The authors described complex interdependencies of the processes and phenomena within the framework of the market economy phenomenon appearing in the post-Soviet economic space. The triune structure of the modern market doctrine was disclosed including psychological and behavioral, institutional and functional and reproduction and product aspects. The authors showed the transformational dynamics of the financial and credit sphere of modern society. Its specific features are: the increasingly important role of innovation, outsourcing, revising pricing methods, digitalization of business processes, penetration into managing neuromarketing technologies, and virtualization of the financial sector of the economy.

**Keywords:** market economy; digital economy; cryptocurrency; neuromarketing; monetary economy; neuroeconomics; fake economics

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## INTRODUCTION

The economic doctrine of modern society is a socially oriented market mode of production whose phenomenon is universal. Its actualization for the post-Soviet economic space requires appropriate institutions developed by trial and error that leads to a distortion of the positive practical experience from other countries. This is due to the natural tendency of the scientific community of the former Soviet republics and regions to comprehend various models of the market economy (both socially oriented and mixed, and mainly corporate and state). This is where the understanding and the realistic idea of the place and role of the market economy enduring values in the post-Soviet economic space come from in the framework of the annual (since 2013) meeting of CIS economists at the Sochi Economic Conference “The Market Economy Phenomenon: From the Origins into Our Days” held this year for the seventh time. All these conferences are dedicated to the memory of Doctor of Economics, Professor A.F. Sidorov, a famous scientist, a major organizer of science in the South of Russia, an Honored Scientist in the Kuban. He founded his own unique scientific school incorporating the names of quite famous scientists and economists of the Soviet Union and present-day Russia, Ukraine, Uzbekistan, Kyrgyzstan, and Kazakhstan.

A lot of economists from the south of Russia, Moscow, Russian and foreign universities participated in the 7th International Scientific and Practical Conference on Economics “The Market Economy Phenomenon: From the Origins into Our Days” held from March 27 to March 31, 2019 in the cities of Sochi and Sukhumi. The main organizers were the Kuban State University and the Financial University under the Government of the Russian Federation; their representatives were leading the organizing committee. The conference coordinator is Honorary Figure of Russian Higher Education, Doctor of Economics, Professor, Scientific Director at the Department of Economic Theory, Financial University, Head of the Department of Philosophy and Methodology of Economic Science, Institute of Economics

of the Russian Academy of Sciences, Full Professor of the National Research University “Higher School of Economics” R.M. Nureev. The chairman of the organizing committee is Doctor of Economics, Professor, Head of the Department of Theoretical Economics, Kuban State University V.A. Sidorov. The organizing committee co-chairs are: Corresponding Member of the Russian Academy of Sciences, Doctor of Economics, Professor, Head of the Department of Economic Theory and Scientific Director, Financial University D.E. Sorokin and Doctor of Economics, Professor, Dean of the Faculty of Economics, Kuban State University I.V. Shevchenko. The conference scientific director is Doctor of Economics, Professor, Head of the section “History of Economic Thought”, Department of Economic Theory, Financial University Ya.S. Yadgarov.

The foreign members of the organizing committee were represented by the Belarusian State Agrarian Technical University (Doctor of Economics, Professor G.I. Ganush), Abkhazian State University (Doctor of Physical and Mathematical Sciences, Professor A.A. Gvaramiya), Karshi Engineering Economics Institute (Candidate of Technical Sciences, Associate Professor, N.N. Makhmudov, Doctor of Technical Sciences, Professor G.N. Uzakov, Republic of Uzbekistan), Lugansk National Agrarian University (Doctor of Economic Sciences, Professor V.G. Tkachenko). The scientists from Russia, Abkhazia, Armenia, Ukraine, Kazakhstan, and Uzbekistan participated in the conference.

Professor R. M. Nureev traditionally addressed the forum participants. He started the discussion by substantiating the theoretical and methodological base of the market economy phenomenon, revealing its value paradigm and touching upon the problems of state and market correlation to coordinate business entities. This problem has no solution beyond scientific understanding and analysis, since the development of market institutions (which aim to transit to sustainable socio-economic development) requires a scientifically based concept of economic growth. Within this concept, applied economic policy instruments would reflect the country's

political and economic realities and its place in world economic relations. Hence, science should develop economic principles and imperatives to implement the concept of socio-economic development which should be based on ideas of technical and technological re-equipment, assuming an investment policy of modernization and development of the financial sector and taking on the role of economic growth driver.

The conference determined its main direction within this idea — the methodological paradigm transformation of the credit and banking component of the market economy. The priority areas were: 1) the theoretical, methodological and historical-economic phenomenon of the market economy; 2) institutional and behavioral base of the market economy phenomenon; 3) monetary fetish of the market economy; 4) food issues of the market economy phenomenon; 5) business, innovation, information technology, trends and development prospects.

### EVOLUTIONARY AND METHODOLOGICAL CONTENT OF MONEY

The methodological features of the market economy phenomenon, including its monetary content, are historically associated with overcoming the experience of a non-systemic analysis by a systemic analysis. Professor **Ya. S. Yadgarov** spoke on the subject and drew attention to the main features of the non-systematic analysis of the market economy phenomenon during periods of widespread research paradigms of mercantilism, classical political economy, economic romanticism, and utopian socialism. Revealing the essential aspects of the first systematic analysis by the followers of the German historical school, neoclassicism and institutionalism, he connected this experience with a theoretical understanding of the essence and mechanism of value formation in the market economy.

The costly versions of the theory of value by adherents of the Smith-Ricardo's commodity-money views were followed by new marginal (A. Marshall and others) and behavioral (T. Veblen, E. Chamberlin, J. Commons, etc.) ones. They joined the scientific revolution due

to problems related to the identification and understanding of influence of mainly non-cost, i.e. non-economic, factors on value formation: human addictions, habits and instincts; quality parameters of marketable products; service culture; advertising; legal grounds; action of collective institutions. The behavioral and marginal directions of the theory of value complement each other. In this regard, first, none of them has anything to do with the theories of "fair prices" of the pre-market period, nor with the Proudhon's "constituted value" or with the pricing practice of fascist and totalitarian countries. Second, they exclude any idea of suppressing competition by the state in order to avoid price mismatch even to marginal costs of producing goods.

Developing Professor Yadgarov's judgments, Professor **V.N. Ovchinnikov**, the Professor at the Department of Management, Higher School of Business, Southern Federal University, the Honored Scientist of the Russian Federation, the Doctor of Economics, dwelt on analyzing the emergence and development of the necessary and sufficient conditions for establishing the monetary economy. First, he identified the fundamental factors of institutional and organizational isolation of the business and operations entities by their specialization boundaries in nascent social division of labor, which objectively stipulated the demand for exchanging production results. Second, the prerequisites for their economic isolation by the appropriation boundaries giving the exchange a barter, and subsequently, a monetary economic form, providing for the equivalence of market transactions. In this regard, the monetary economy is a variety of business entities separated by the boundaries of the market economy sectors or objects of full or relatively partial appropriation. From the standpoint of methodology, looking for an effective owner as a potential subject of the market economy at the origins of the financial component of the product and income circulation seems to be untenable. In a constructive way, we can speak about the type (model) of a motivated agent of the mar-

ket economy that actually organizes the production process, carries out a circulation and capital turnover. Private appropriation of the means of production is redundant (non-core) here. To organize production, it is enough to rent them (from the state). This is the subject-object certainty of the relations of the market economy, its organizational and institutional foundations and economic nature.

Further, the problem of the economic (money) mechanism of the market economy was developed by Doctor of Economics, Associate Professor **E. E. Nikolaeva** and Doctor of Economics, Professor **B. D. Babaev**. They rejected the classical understanding the economic mechanism through its market nature as the unity of distributional and exchange relations and presented it as a dialectical interaction of the four reproduction stages. Considering reproduction from a systemic point of view, the speakers identified the functions of each element of the reproductive chain: producing, broadcasting, goal-setting. Particular attention was paid to economic laws, the core of the economic mechanism in the political and economic sense. The laws of circulation as a unity of distribution and exchange were presented by: a) the law of distribution according to work; b) the law of value; c) the laws of supply and demand in their interaction; d) the laws of money circulation. The authors believe that the combination (synthesis) of the methods of the political economy and institutionalism as a methodological basis for studying the economic mechanism is consistent for analyzing the interaction of the elements of its basis and superstructure.

The transformational aspect of the market economy phenomenon was touched upon in the speeches by the Honored Scientist of the Russian Federation, Doctor of Economics, Professor **G. P. Zhuravleva** and Doctor of Economics, Professor **V. A. Sidorov**. They focused on comprehending the new phenomenon in the conditions of the monetary market economy manifested in the growth of false ideas about its quality; they called it “fake economics”. The general content of their speeches was an analy-

sis of the essential characteristics of the emerging phenomenon: falsification of information, goods and services, human activities, news. No market entity can be sure of the reliability, completeness and objectivity of the proposed information. The fake nature of the modern market management system is based on falsification not of a subjective but of an objective, unintended nature, caused by the transition to a new technological structure, the digital economy.

“Fake economics” is a serious and dangerous phenomenon, not easy to be recognized. In the Russian Federation, it can be determined as follows: focus on short-term benefits which in the long term are accompanied by social, economic, environmental and other costs; unconstitutionality and subordination to Western partners, their needs and requirements; unstable, sporadically emerging and disappearing business.

“Fake economics” is a new, not yet explored phenomenon of the market economy. It requires a deep theoretical study. It implements the contradictions of the economic model of the free monetary economy and socially oriented economy, including differences between labor and unearned incomes, between rentiers who receive “free profits” and productive economies.

Falsification in the economy highlighted two main directions of its qualitative components: the ratio of power and economic theory, on the one hand, and the choice of the optimal vector of socio-economic development, on the other. The first direction was disclosed by Doctor of Economics, Professor **V. V. Dement'ev** who reported and analyzed the problems of equality and social justice between economic agents in the context of their proximity to power. According to the scientist, by means of a holistic analysis of the economic power phenomenon, one should carry out a search and get an exhaustive answer to the question: what the socially necessary economic order of power is: who, over whom (what), to what extent, how and in order to achieve what goals should power be implemented in the economic life of society? The

answer to this question can only be found on the paths of the political economy of power, the joint efforts of economists, sociologists and specialists in the field of law.

The second direction was the subject of research by Doctor of Economics, Professor **M. L. Al'pidovskaya**, who revealed the development features of socio-economic relations and the direction of transformation of the monetary economy in the evolution of the information economy. Among the features of the latter, she highlighted the negative features of modern private property, including: the prerequisites for the development of collective and social business forms in the modern world that impede developing scientific and technological progress; strategic prospects and risks of collective and social business forms and their mutual influence on the society and economy. Accordingly, a conclusion was made about two directions for expanding money management: territorial and internal (within oneself), based on increasing income level of the population and developing new technologies due to which the return exceeds investments. These two directions develop two strategic vectors: 1) transition from extensive to intensive development (followed by intensifying exploitation and confrontation and growing inequality); 2) development identification through gradual (phased) socialization of property.

Thus, the debate about the methodological basis of the monetary economy regarding the evolution phenomenon of the social nature of production and the so-called private capitalist appropriation has been interpreted through internationalization of world economic relations that sharply increased the role and importance of both transnational capital and systemic transformation of economic relations in the context of modern global challenges. The discussion participants concluded that the main task of contemporary economic science is to develop a theoretical and methodological base that will allow to resolve the above contradictions, considering the new realities in the market economy and its monetary content.

## INSTITUTIONAL AND BEHAVIORAL PARADIGM OF THE MARKET PHENOMENON

The polemic content of the methodological basis transformation of the monetary economy was further developed at the conference by analysis and systematic reflection of its institutional and behavioral platform, which allowed the forum participants to identify and delve into the issues of three related priority concepts: psychological and behavioral; institutional and functional; reproductive and productive.

*The psychological and behavioral concept* including its many inherent scientific and practical aspects were indicated in the speeches by **S. S. Varenik, G. A. Sorokina, I. A. Denisenko, Yu. K. Bgane** and others. In particular, S.S. Varenik believes that the increasing density of information flows affects human consciousness, decision-making process, cognitive processes, predicting and analyzing human behavior in the business environment, dynamics of equity and company capital, and the financial component of the economy as a whole. In her opinion, the intensity of the current socio-political processes commits a gross change in the language situation to multilingual and requires knowing a second language (interlanguage) to create comfortable conditions for a human being and society.

G.A. Sorokina and I.A. Denisenko focused the audience on the analytical aspects of optimizing the mechanism of public-private partnership (PPP) through the relations between the state and private agents. They believe that depending on the externalization of these relations, various resource combinations appear with an appropriate distribution of risks, responsibilities and rewards between them. They conclude that the cooperation model built within PPP is designed to create new facilities and to update the existing ones, to attract investments, to ensure effective budget regulation, to intensify entrepreneurial activity. On this base, it should develop a system of financial and credit interaction of business partners and bring experience and business approaches of private firms to public sector.



Yu.K. Bgane described the debatable aspects of the heterogeneity arising in the monetary economy and developing multilevel economic systems characterized by relative stability. The scientist believes that as a basic feature of financial systems, the category of heterogeneity not only provides new prospects for studying decentralized decision-making, but also offers an original interpretation of equilibrium, information, and uncertainty issues.

Studying the polemic content of the methodological basis transformation of the monetary economy is required due to the relevance of further understanding the current conceptual ideas about the financial support of business entities and their territorial localizations. The main conclusions are as follows:

- ambivalent nature of the development of institutional environment, contributing to a further heterogeneity;
- inconsistency with the processes of post-industrial transformation and directions of technological changes;
- inefficiency of measures to level heterogeneity; heterogeneity crisis in the latent period.

*The institutional and functional concept* was a key determinant in the speech by Professor **V.V. Il'inova**, who showed that companies developing business abroad, both face the financial component of competitive opposition and experience significant political risks. For modern Russia, political risk has rather negative consequences, since the imposed sanctions against many Russian companies and banks create transfer risk enhanced by possible disconnecting credit organizations from the international banking system (SWIFT). All these factors significantly affect the Russian economy. There arises the serious problem of import substitution concerning regional investment loans and targeted financing of enterprises from the federal budget; special forms of investment contracts; tax incentives; standardization of public procurement.

Due to unstable geopolitical situation with its risks and challenges, including Russia in world economic trends largely depends on timely and

strategically sound state and regional policies aimed at developing the institutional environment of the investment process. This causes the problem of institutional support for financial and credit facilities, which is closely related to establishing development institutions. The implementation of this task was touched upon by Associate Professor **I.G. Tursunmukhamedov**, who formulated theoretical approaches to understanding the place and role of regional economic instruments and their systematization, showed the prerequisites for their effective use in the context of forming a regional industrial base.

The following discussion included the problems of development institutions, as well as those of distribution and use of cash funds, strategic territorial economic development, and the introduction of innovative forms of cooperation between government, education and business. In particular, it was noted (by Doctor of Economics, Professor **L.N. Rubtsova**) that the implementation of this content requires reviewing the regional crisis management strategy, permanent monitoring and control of the financial and socio-economic condition of the region as one of the priority areas of positive economic dynamics of the constituent entities of the Russian Federation.

Being supportive of such scientific and practical activities of the regional development institutes, the Director of the Center for Strategic Studies under the President of the Republic of Abkhazia, Candidate of Philosophy, Associate Professor **O.N. Damenia** briefly described the situation in post-Soviet Abkhazia. His statements are clear about the complex and contradictory, sometimes ambiguous processes in the Republic that destroyed the existing foundations of the Abkhaz society and put the country's population between two absent social systems — the old, already destroyed, and the new, not yet created. This shows the importance of the transition to a new social practice — program-targeted planning of social development.

According to the discussion results, the imperatives of functional changes were identified

in the monetary economy within establishing an innovative economy and development mechanisms of socially oriented market relations in the post-Soviet space.

*The reproduction and production concept* dominated in professors **L.G. Cherednichenko** and **A.Z. Selezneva's** report and allowed them to prove that an increase in oil and gas revenues amid rising oil prices continues to be the main factor in the growth of budget revenues. Their research findings show that the growth of non-oil and gas revenues is slow and is associated with improved managing mobilization of taxes, fees, customs payments to the budget, as well as an increase in the VAT rate. In this regard, the conditions and factors for making a budget surplus, the social factors of budget policy in the context of the pension reform, the need to prevent redistribution processes associated with a change in the recipient of budgetary allocations are important.

The report provoked a discussion about the possible directions of reproductive activity of market agents. It conveniently divided the positions into two directions and to those who are committed to business adapted to *formal or informal institutions*. Some followers of the first direction stated that the positive dynamics of the production sphere in line with modern scientific and technological achievements, improvements in the economic situation and increasing competitiveness of economic systems at various levels (especially within the ongoing economic sanctions) require urgent establishment of business sphere. The thesis on creating the conditions for self-production of entrepreneurial activity based on the content of the main signs of entrepreneurial behavior was suggested as a basis for this judgment. Professors **V.O. Moseiko** and **S.A. Korobov** noted that to be successful, a modern entrepreneur must obtain special entrepreneurial skills. On the one hand, they should be based on the individual's abilities to carry out economic activities by implementing the economic gene for the production; on the other hand, to entrepreneurial arbitration and

building relations with the internal and external environment.

The followers of the informal direction identified themselves in research in the field of the shadow economy genesis realized in numerous forms; anti-money laundering policies; developing an integrated paradigm of shadow economic relations, instruments, forms and control principles as an economic alternative to a historically specific form of legal economy. The discussion participants (associate professors **V.V. Chaplya**, **T.G. Martseva**, **A.N. Stolyarova**, **M.A. Ponomareva**, and others) noted the following issues: low transparency of the shadow economy, which is defined as the ratio of the received positive effect from reducing the shadow economy to the costs to achieve it in comparable units; transferring economic crimes from the material production to the non-production sphere and becoming more social, since they mostly involve knowledge and information, rather than machines and mechanisms; emerging new types of practical activities (surveying, logistics, outsourcing, etc.) that require legal regulation and support in accordance with national or international legal norms, and, consequently, certain skills.

The forum also focused on the fact that the institutional and behavioral paradigm of the market economy phenomenon is relatively new to the post-Soviet economic space. It appears in attempts to highlight the specific features of socio-economic matter as a carrier (source) of instability of market agents, reflecting the goal-setting connected with economic activity and including its financial and credit support.

### DIGITALIZATION OF THE FINANCIAL SEGMENT OF ECONOMIC SPACE

The noumenon of the future society, evident in the form of total informatization of business processes, is now realized in the process of digitalization of the economic space with all the ensuing consequences. It is no coincidence that this phenomenon as an integral component of the modern market economy has received the greatest deployment in discussions and polem-

ics of the conference. As a result of an extensive discussion of trends in the processes of changing the form and substantial aspects of business due to the digitalization of the financial segment of the economic space, it became possible to distinguish conditionally virtual and real sectors of the economy. The virtual sector is represented by various types of digital activities, including financial organizations, where the main value is customer data; here the business is built around customer data and the boundaries between its types are intensively erased. The conditionally real sector covers companies whose activities are based on physical assets; for this segment, data collection is relevant for analysis and testing the hypothesis of the search for hidden reserves in order to increase productivity, optimization, and improve production sustainability.

According to Professor **G. M. Mishulin**, the unifying basis for both sectors is innovations; the disclosure of their features in the Russian Federation necessitates understanding the endogenous and exogenous drivers of the innovation process of the national innovation system. The scientist believes that the breaking point here is the lack of a clear idea of subordinated connections at all levels of the system development, including situational uncertainty regarding local development institutions; the effectiveness of this movement largely depends on the financial and non-financial conditions for the development and implementation of innovative projects.

To develop these ideas, associate professor **G. A. Terskaya** voiced research positions, according to which one of the major instruments of state support of Russia's innovative potential is the development of a monitoring system for its innovative infrastructure and implementing measures to improve the management of innovative processes. According to associate professors **I. E. Tursunov** and **G. F. Kuchkarov**, when new innovative structures are created, centers of innovation and technology transfer become the priority manifestations of the state economic policy; they are the vehicles of innovative entrepreneurship. Inhibition factors of these

technical innovations are: underdevelopment of the financial and credit sector, the deficit of the state budget, an increase in interest rates when providing loans and, accordingly, the lack of demand for fundamentally new equipment.

An important topic of the discussion in the context of digitalization was identified by Professor **I. M. Sinyaeva**, who, in particular, emphasized that the main goal of the innovation policy is to create an internal high-tech market ensuring the entry of a domestic product into the world arena. She is convinced that this work is impossible outside the modeling of innovative marketing whose object at the macro level is the growth of the country's national economy and at the micro level is the growth of financial firms; its subject is the targeted process of developing innovative marketing using an information system based on marketing research. According to her reasoned conclusion, the main trends in the development of the financial sector are: integration (a quantitative decrease in the number of banks from 2013 to 2018 by more than 40%), digitalization (Internet banking — almost 90%, mobile banking — 76%) and unconditional customer orientation by means of CRM systems.

Associate professors **N. E. Brovkina** and **E. I. Meshkova** pointed out that traditionally studied as a combination of lenders, borrowers and credit products forming certain integrity and unity, the credit market is brought to the forefront in the digital economy. In their opinion, the credit market should be considered as a socio-economic integrated system that combines a relatively separate object and process and environmental regulatory and providing subsystems of the credit market.

With this interpretation, first, it becomes possible to track the interaction process of these environments, whose level of development determines the quantitative and qualitative components of the object system. Second, it provides for adequate regulating the interest policy of commercial banks, since the demand and supply of money, the volume of savings and investments, interest and income as elements of a single system are linked in the market economy.



As a guideline for pricing, a method based on assessing the economic capital cost is proposed — the cost of capital, intended to cover unforeseen losses of the bank, is also considered in the price of a loan.

According to Associate Professor **V.V. Sinyayev**, scientific and practical solution to the problems of digitalization should be linked to the development trends of the outsourcing market in financial markets, steadily growing in the volume of services sold. He described the situation when financial market players rely on outsourcing as a form of modern business and face severe competition from foreign firms, prompting active restructuring, selling assets unnecessary for core business, and outsourcing part of the corporate activities. In his opinion, further implementation of various types of outsourcing in financial companies requires competent strategic planning, professional operational management, clear financial management, and reliable quality control mechanisms. At the same time, outsourcing market services have to improve legislation (legal regulation of outsourcing relations) and modernize the culture of contractual relations in financial markets.

To continue the ongoing discussion about digitalization trends, Professor **T.E. Gvarliani** addressed the issue of modeling current business processes in financial institutions, which allows to identify the benefits and advantages obtained by merging and absorbing banks and replicating the bank's business into branches. This modeling should be used as a cleanup tool for the development bank in order to increase transparency and manageability, to provide a significant step towards certification of the quality management system, to improve the image and to increase the market value of the bank, as well as a link strategy with all elements and systems for managing business processes, personnel, projects, information technology (IT), etc. According to her calculations, the introduction of business process modeling will increase the efficiency and transparency of core operations and allocate resources and powers of responsible persons in the optimum way; as a result, it

will reduce the cost of basic operations by 65%, increase liquidity management efficiency by 1.5 times, and reduce cash balances by 42%.

The following participants focused on the diverse organizational and technological aspects of digitalization in the Russian banking sector. For example, Doctor of Economics, Professor **N.V. Tskhadadze** noted that today Russia lags behind the developed countries in the range of banking products, in improving remote banking services and rising of acknowledged remote banking services technologies and innovative solutions. In her opinion, the fundamental trends in the development of remote banking services are: using strategies for multi-channel services to individuals; transferring remote customer service systems to outsourcing; creating joint remote service systems by various banks; improving the quality of services and their safety; integrated service by increasing the available services. She believes the country is capable of effective implementation of these measures: rapidly developing technologies for mobile banking; an expanding range of features, including a variety of mandatory payments; creating personal templates when performing the same operations; replacing call-centers with customer support online chats in a mobile application, more convenient and time-saving.

In her speech, Candidate of Economics **I.G. Gruzdeva** talked about essential use of neuromarketing in the banking sector among other technologies. She described neuromarketing as a tool helping to determine the consumer's attitude to a product or service before they realized it. I. G. Gruzdeva reminded that recently, most Russian banks have been focused on interest income. Currently, banks should move towards the fullest research of consumer activation issues through neuromarketology, an advanced technique for studying human brain reactions. To do this, neuromarketologists of the Russian banking system should shift the main focus to commission income, reconfigure the business model, change the strategy for promoting products and services on the market, use flavor and color schemes and targeted advertis-

ing, use remote channels, social networks and direct mail.

Finally, another participant, graduate student **M.M. Naguchev** suggested his own view on the aspects of digital transformation in the context of computerization of the banking sector and new business processes, organizational structures, regulations and rules, as well as new responsibility for data and new role models. He emphasized that computerization in the banking sector led to the replacement of digital entries in bank books with electronic symbols on appropriate media. It also led to the widespread use of debit credit cards that allow remote control of funds in bank accounts, provoking further development of monetary relations based on cryptocurrency. Meanwhile, each unit, whether it is Bitcoin, Ethereum, etc., represents a specific mathematical solution according to a specially developed algorithm, and no regulator is able to prohibit anyone from using cryptocurrency wallets to carry out transactions. It is no coincidence that in 2018, the Russian authorities got interested in creating their own state cryptocurrency (according to the instruction of the President of the Russian Federation to create a “crypto ruble”) to perform settlements with counterparties around the world regardless of the sanctions. However, using cryptocurrency will become possible if the authorities agree with the partners on settlements in national currencies or somehow popularize crypto ruble. Theoretically, it will be possible to carry out transactions in many areas and to avoid the supervisory authorities of the countries that imposed sanctions against the Russian Federation.

The results of the discussion on the problems of the present and future digitalization in the financial segment of the Russian economic space can be summarized as follows: the versatility and diversity of the credit and banking phenomenon of the market economy was revealed; the possibility to apply modern information, including digital, technologies in marketing activities in the financial markets was determined; the place and role of digitalization in the direct

connection between the demand and supply of money, the volume of savings and investments, interest and income as elements of a single system were shown. It was proved that in the context of digitalization and hyper-connectedness of the global economy, the financial system transformation determines the comprehensive development of innovative marketing and outsourcing in the financial markets.

## CONCLUSIONS

The results of the 7th Sochi International Scientific and Practical Conference (2019) can be resumed as follows.

One of the main results was the presentation of two new works dedicated to the beginning of the conference: “Phenomenon of market economy: theoretical and methodological content-business of innovations” (London: LSP Publ.) [1] and “The phenomenon of market economy: From the origins to the present day. Business, innovation, information technology, modeling” (Maykop: ELIT, electronic resource). The works were edited by the chairman of the organizing committee of the conference, Doctor of Economics, Professor V.A. Sidorov and scientific director of the conference, Doctor of Economics, Professor Ya.S. Yadgarov.

The conference resulted in a round table held in Sukhum on the basis of the Abkhaz State University. It was devoted to the problems of economic development and cooperation. The general conclusions were made by professors V.N. Ovchinnikov, G.N. Uzakov, R.M. Nureev, G.A. Sorokina, V.A. Sidorov, associate professors I.E. Tursunov, G.M. Mishulin and others. The subsequent discussion focused on the problems of institutional and reproduction content of the effectiveness of public reproduction and stabilization of socio-economic development, including issues of budget policy as a tool for influencing economic processes of monetary policy, as well as the agri-food complex in the context of transitive uncertainty, expectation and increased competitiveness.

At the end of the conference, the following unanimous decision was made:

1. The topic is relevant for the Russian theoretical economy and meets its goal-setting functions in the field of the credit and banking component of the market economy phenomenon.

2. The international status of this forum and the advance publication of two works help inform the largest number of interested parties about the ongoing transformations of the market economy.

3. The relevance of the conference topics allows the participation of representatives of the post-Soviet scientific economic community.

4. The feasibility to continue the conference in the future meets the requirements of economic science and university education.

In his closing speech, the scientific director of the conference, Doctor of Economics, Professor Ya.S. Yadgarov expressed gratitude to all participants. He noted that the forum materials were published as two final research folios before the conference. Professor Ya. S. Yadgarov expressed confidence that the tradition of the annual forum in memory of Professor A.F. Sidorov will continue.

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Yadgarov Ya.S. — scientific supervision; formulation of the scientific hypothesis verified by the latest research findings.

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