

ISSUES OF DIGITALIZATION OF THE BANKING SYSTEM.

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Annotation:

At the present stage of economic development, the concept of "digital economy" has appeared; the basis of this concept is the forms and methods of organizing human activity, which are associated with the development of digital and computer technologies, allowing the development of a large-scale area of information processing and services (online services, electronic payments, etc. further) and their consistent development in the direction of a modern, intelligent economy, the formation of a digital economy is a complex process that depends on many factors, and their econometric analysis makes it possible to rationally manage and regulate the digital economy.

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Relevance of the topic: The introduction of "digital technologies" into the economy of our country today is in the process of expanding its potential; factors such as the technical base, imperfect software, the low level of computer literacy of the population, the inability of the legislative framework to meet today's requirements in terms of regulating the field of digital technologies are preventing widespread implementation.

Separately, it should be noted that supportive government policies play a special role in the development of the digital economy. To make progress, it is necessary and imperative that we master digital knowledge and modern information technology. This gives us the opportunity to follow the shortest route to ascent. After all, information technology penetrates deeply into all areas of the modern world.

To this end, by decree of the President of the Republic of Uzbekistan dated October 5, 2020 No. 6079 "On approval of "the Digital Uzbekistan-2030" strategy and measures for its effective implementation", "the Digital Uzbekistan 2030" strategy was approved.¹

By Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. 5992, the "Strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025" was approved. The strategy also defines the comprehensive transformation of commercial banks with state shares as one of the priority areas for reforming the banking system, the introduction of modern banking standards, information technologies and software products, and the sale of state-owned shares in banks on the basis of competitive sales to investors with the necessary experience and knowledge.

¹ Указ Президента Республики Узбекистан от 5 октября 2020 года № 6079 "Об утверждении стратегии "Цифровой Узбекистан-2030".

Literature review.

Among the scientists of our country, R. Ayupov, D. Rasulova, D. Rasulev, Z. Mamadierov made a great contribution to the development of the theory and practice of modern economic development.

In particular, R. Ayupov in his research paid great attention to the use of digital technologies in sectors of the economy of our country. Z. Mamadierov paid important attention to the prospects for using digital banking technologies in increasing the efficiency of banking activities.

Analysis and results.

Characteristics of the digital economy include new production methods, mass cooperation, government ownership of intellectual property, changes in consumer patterns and an open labor market. However, at the moment, the contribution of the digital economy (online commerce, Internet services, content, electronic payments, etc.) to the gross national income of the Republic of Uzbekistan does not even reach 1%.

But the development trends of our country show that the above markets will develop rapidly in the future. In addition, technological developments associated with the Fourth Industrial Revolution and Industry 4.0 technologies, i.e. mass robotization, augmented and virtual reality platforms, and 3D printer technologies, will further accelerate this process. The above-mentioned term "Industry 4.0" came into use at the Hannover Fair in 2011, and its meaning is to indicate a global value chain. With the worldwide expansion of technologies such as smart factories, smart technologies and smart robots, the Fourth Industrial Revolution will enable virtual and physical systems to interact with each other on a global scale. This, in turn, leads to complete product flexibility as well as the creation of new operating models. Other services in the digital economy, including big data, artificial intelligence, machine-mediated learning, crowdsourcing, crowdfunding, blockchain and cloud technologies, are also evident in the life trends that will be decisive in the future economy and corporate governance².

Digitalization of the financial sector is an integral feature of the development of the modern global economy. In order for financial market entities to be successful and competitive, it is necessary to follow global trends and be "digital" in the implementation of advanced technologies. Fulfilling this task leads to the transformation of the world's traditional business models so that they meet the challenges of the modern world. Lenders, insurance companies and other institutional investors are making significant changes to improve their operations under the influence of digital technologies.

Digitalization of the banking sector is a complex and multifaceted process. But its ultimate goal is clear and simple - that is, it is to save resources (time and money) for customers and the banks themselves.

What does bank digitization give the consumer:

- the consumer will be able to use banking services at any time and through any channels: bank office, center, video communication, ATM, mobile and Internet banking, chat bots, social networks and instant messengers;
- the client does not need to come to the bank's office, he can remotely receive any service: opening a card, issuing a loan, opening a deposit, and so on, subject to home delivery;
- services are personalized. Thanks to big data, banks will have a lot of information about customers, which will do away with various formalities.

Analyzing the digitalization of the financial sector as an evolutionary stage in the development of modern society, it is necessary to consider the main stages of its formation. It should be noted that the basis of this process is the active implementation of advances in the field of financial relations in the field of financial technologies.

Fintech is a dynamic segment at the intersection of the financial services and technology sectors, with technology startups and new market entrants in the current era of traditional financial services taking an

² Teshabayeva, O.N., Akhunova, O. (2021). Development of the digital economy of Uzbekistan and its main directions. Pedagogical sciences and teaching methods, 6,85-92.

innovative approach to the sectors' services and products.

Digitalization is developing at a rapid pace, disrupting the traditional order of things in the traditional value chain.

Financial technology companies using emerging technologies and new business lines are changing the competitive landscape, breaking down the established boundaries between participants in the financial services market.

The fintech ecosystem includes elements such as startups, technology companies, financial institutions, and infrastructure players.

The evolution of digitalization in the financial sector demonstrates high intensity and dynamics of development. This process leads to the emergence of qualitatively new requirements for the economic system, its institutions and society as a whole.

The introduction of digital technologies requires a radical change in the business strategy of all sectors of the economy. The high efficiency of application of innovative solutions is forcing the financial sector to change both to strengthen its position in the market and to increase the level of interaction with clients and market participants.

Credit institutions strive to become financial high-tech corporations that meet the following requirements:

- providing clients with a comprehensive set of services within the financial technology ecosystem;
- increase information transparency, help eliminate intermediation in the financial market;
- continuous improvement of digital solutions implemented to ensure real-time operation and security, and so on.

Changing the traditional business model is carried out by changing a significant part of information technologies that unite all areas of banking. This process includes:

- taking into account the need for constant adjustments, developing a digital strategy based on business and its mission (high speed of digital innovation, changes in legislation, and so on);
- building the architecture of IT systems or the landscape of a dog. This stage includes the development of software, computing and telecommunications sets that are built into a specific configuration and support the functioning of operational processes for business units;
- development of IT solutions and their launch.

Let's take a closer look at these steps:

- the development of the bank's digital strategy is based on identifying the main segments of sustainable development: creation of a digital product, including personalized banking services;
- ensuring transparent mutual excellence with clients, regulators and partners;
- development of a financial ecosystem of partners, creation of business incubators, and so on.

Table 1.

Key segments of the bank's digital strategy

Direction	Description
Creation of a digital product	By creating a digital product, the need to satisfy customer demands and desires increases the customer base and the number of products available to the customer.
Carrying out direct interaction with the client	Engaging directly with the customer and using remote banking services, including offering personalized products and services in real time, activates the customer base and increases customer retention.
Development of a financial ecosystem of partners	Creating opportunities to sell banking products through partner platforms, which allows you to increase the level of your customer base and increase the number of products suitable for each client.
Remote work with the regulator	Automation of internal processes and the absence of unnecessary formalities reduces transaction costs, time and operational risks.

Application of business incubators	Developing an ecosystem of ideas and resources helps make and implement quick decisions, which reduces process costs and increases customer satisfaction.
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Note: Smart Finance³.

Creating a roadmap for implementing a digital strategy using the IT landscape involves highlighting separate business areas: multi-channel distribution and marketing, integration of services and processes, processing operations, support, data factory, strategy and management.

To effectively develop these areas of business, banks need to implement a single multi-channel digital platform that will allow them to manage multi-channel services.

To ensure effective integration of services and processes, it is necessary to use it when providing mobile communications with open data to participants in a cooperation scheme built on API (application programming interface) technology.

In the area of transaction processing, including the functions of cross-product activities (management of transactions on contracts, payments, limits, assessment of borrowers, compliance with requirements, and so on), as well as for all operations related to banking products (current accounts and deposits, lending, transactions on the stock market, interbank transactions, and so on), it is advisable to strengthen the automation of processes and practices.

Conclusion:

Collecting, storing and managing customer transaction data is an important part of the banking business. To improve its efficiency, it is necessary to strengthen automation, including basic information about IT landscape systems, the scale of which will prevent repetition of processes for business units and reduce costs. It is also advisable to use analytical tools to assess the degree of customer satisfaction with services by identifying micro-segments and their behavior patterns.

As for the strategy and management of the credit institution as a whole, to automate management it is necessary to introduce cross-country functions - revived systems that support general corporate functions (strategic planning, mergers and acquisitions management, business process management, methodological support), as well as innovation, crowdsourcing and electronic document flow. It is important to ensure the possibility of exchanging documents with clients not only in relation to legal entities, but also individuals using electronic digital signatures, as well as the availability of a single warehouse of digitally printed documents (agreements, client documents).

Technology services are the enabler and driving force for changing business strategies and achieving positive financial results. The activities of a credit institution in this direction are moving to a qualitatively new level, allowing it to become more attractive to the client, while inaction can lead to the participant being forced out of the market.

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