

POSSIBILITIES OF USING DIGITAL TECHNOLOGIES IN THE BANKING SYSTEM OF UZBEKISTAN

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Abstract

The article discusses the possibilities of providing customers with new types of banking services by commercial banks of the Republic of Uzbekistan, in particular digital services, changes in the banking system, gradual renewal of the activities of commercial banks, widespread introduction of digital technologies, further improvement of relations between banks and customers based on modern information and communication technologies. In addition, foreign experience was studied and appropriate conclusions were drawn about the possibilities of its application in the banking practice of Uzbekistan. The innovative banking services provided by local banks are analyzed and proposals for further improvement are made.

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Introduction. One of the main tasks facing the development of the banking system of the Republic of Uzbekistan is to improve the quality of banking services, expand the scope of services and bring them to the level of banks of developed countries. This was emphasized in the decision of the President of our country dated March 23, 2018, No. PQ-3620 "On additional measures to increase the popularity of banking services". In this decision, it was noted that the current problem in the banking system is the low level of development of the retail banking services market and the lack of modern approaches to establishing cooperative relations with customers. The task of studying the advanced international experience of banking activities and introducing new types of banking services and products is also presented. In order to ensure the implementation of this decision, the "Retail Banking Services Center" was established in the banks. Through this, "front office" and "back office" services are introduced and modern banking services are provided to clients. In addition, "Reception" activities were launched in all banks, and the position of a consultant was established to provide customers with preliminary information on banking services. At the same time, several modern banking services for customers have been introduced in the banking system.

Methodology. This study employs a qualitative research approach to examine the evolving landscape of digital transformation within Uzbekistan's banking sector, with a particular emphasis on evaluating the integration and impact of digital technologies in banking services. By focusing on regulatory developments and technological advancements, the research aims to illuminate the practical and strategic adaptations of digital solutions within the Uzbek banking context.

The data collection process is grounded in a review of government policies and directives, including the Presidential Decision No. PQ-3620, which underscores national banking reform initiatives. Central

Bank reports and statistical bulletins provide foundational data on regulatory frameworks, as well as quantitative growth indicators for digital banking services. Complementing these domestic sources, the research incorporates international banking reports, case studies, and industry publications to contextualize Uzbekistan's progress within a global framework.

To further enrich the analysis, the study employs a comparative perspective, juxtaposing digital innovations in Uzbekistan with practices from leading international banking institutions, such as UniCredit Bank in Italy and ING Group in the Netherlands. This comparative analysis enables the study to identify and discuss strategic digital initiatives that could potentially be adapted and implemented within Uzbekistan's unique banking environment.

The study also incorporates case-based evidence drawn from notable Uzbek banks, including Kapitalbank and Anorbank, examining their application of digital services such as mobile ATMs, remote banking, and cross-selling models. This case study approach offers concrete insights into the local adaptation and operational challenges associated with these digital innovations, highlighting practical considerations for the broader banking sector in Uzbekistan.

In evaluating the scope and scale of digital service innovations, the study focuses on specific offerings such as SMS banking, mobile applications, QR code-based transactions, and customer-centric cross-selling mechanisms. These services are assessed for their contributions to customer convenience, operational efficiency, and overall service scalability, with particular attention to how they shape customer engagement and trust within the banking sector.

A comprehensive review of relevant academic literature on digital banking trends supports the theoretical foundation of this study. This literature review integrates global perspectives, providing insights into the ways digitalization is reshaping banking operations worldwide. By situating Uzbekistan's digital banking progress within this broader context, the research seeks to critically assess the nation's advancements and areas for improvement, offering a detailed and methodologically sound perspective on the potential and challenges of digital banking in Uzbekistan.

Results and Discussion

In developed countries, the banking system, particularly banking retail services, is constantly changing based on new technologies and principles, and innovations are being actively implemented to meet customer requirements. As an example of how the development of "digital" banks specializing in retail services will bear fruit, UniCredit Bank in Italy made 1.2 billion in the last 3 years. taking into account that the system has invested EUR and that this system will fundamentally change the basic service principle, it can include the development of transaction migration, digitization and simplification of processing, digitization of documents, and the electronicization of trade. The main competitors of banks in retail services are mobile application payment systems, and 86% of the world's banks believe that this threat is very serious and that there are only two ways for banks, the first is to cooperate with Fintech and technology companies' startups, and the second is to use Fintech and technology companies' goods and services as banks. are emphasizing that it is developed by Banks of developed countries are constantly following Fintechs. Ralph Hamers, head of ING Group (Netherlands), said that ING Group always studies market demand and supply and cooperates with 45 Fintechs in payment management, system development, mobilization and lending[14]. As a result of 2016 research, the number of transactions made through "Online" and "Mobile" channels was 23 percent and 16 percent, respectively. Transactions made through social networks and mobile operators were very small and were not included in the statistics due to the fact that they are not available in every country. Also, these indicators did not fully reflect the achievements and potential of some countries, for example, in Denmark, transactions made through branches were 4 times less than online transactions, and 3 times less than mobile transactions.

Recently, "digital only" banks have entered the financial market and are fiercely competing with traditional banks. UniCredit (Italy), Caixabank (Spain), Atom Bank (Great Britain), Halvi (Sweden) and Anorbank (Uzbekistan) are examples of these. Digital-only banks operate in two types.

The first provides mainly retail banking services under the license of the founding bank.

The latter operates as a separate legal entity in the market with new goods and services based on a new license. In both cases, the services are provided using the priority opportunities and achievements of the digital system, and based on the experience and achievements, it is aimed to completely replace the traditional banking system in the future.

In developed countries, commercial banks offer preferential investment or insurance services to the client for purchasing one or another banking service. In such cases, these services will cost customers much less than if they had purchased them separately. Banking services, also known as cross-selling or in some cases cross-selling, is becoming one of the most attractive services for customers today. This system helps banks attract new customers, ensure their stability and increase the range of banking services. To understand this more clearly, let's say as an example that the client is getting a mortgage loan from the bank, we know that for this a separate account should be opened for the client. In turn, the bank employee offers the client not only to open this new bank account but also to use additional banking services. These types of services can include plastic cards, SMS service, internet banking, telephone banking and others. The above types of services are not so expensive today, and besides, the client will have a convenient service on the mortgage loan account. Cross-selling can be done not only when the bank issues a loan, but also when a deposit is made. The bank offers a customer who buys a deposit product, in addition, some services on stable terms.

Most of the bank's services can be used without leaving home through the Apelsin application: you can transfer money between soums and currency cards, sell and buy currency on Kapitalbank VISA cards, and there are other similar services. Through Orange, you can pay for goods and services and communicate with experts in online chat. If the plastic card is lost, it can be blocked through the application. You can also unlock the card, but so far this is only possible for Kapitalbank cards. In the near future, "Kapitalbank" will launch the possibility of ordering plastic cards via the Internet and the payment service through requisites. For seniors, it can be more difficult to manage money through a mobile app. Contact centre employees are ready to conduct a full briefing on the installation of the Orange application and answer questions about its use.

Today, the plastic card business is rapidly developing, offering new types of services for cardholders. Including SMS-banking (or simply SMS-message) service. This service provides an opportunity to receive information about the remaining amount on the card by sending an appropriate SMS message at any time. Also, when the operation is performed through the card, an SMS message will be sent to the mobile phone of the owner of the plastic card, in which the amount, date and time, as well as the place of operation and the branch of the store will be recorded.

By introducing advanced digital technologies into the activities of commercial banks, it is possible to increase the volume of non-cash payments by increasing the quality of services to residents and customers, expanding the range of financial transactions carried out at ATMs and information kiosks..

In 2018, 4,225 individuals used remote banking services, and as of January 1, 2021, their number reached 13,748. With the increase in the number of mobile applications, the advantages of the QR code system and, most importantly, the increase in the literacy of the population in the use of digital financial services, the scope of the use of digital technologies in the banking sector is expanding.

Digital banking services are developing according to the requirements of the times. It is planned to create the necessary legal framework for launching the remote identification system (e-ID and e-KYC).

It is planned to develop a long-term strategy for the development of the system of cashless payments in the Republic of Uzbekistan.

The establishment of the Center for Prevention of Information and Cybersecurity in the Banking-Finance-Credit Sector under the Central Bank, as well as the Center for Combating Financial Fraud and Inspection (FINCERT) was highlighted separately at the conference organized by the Central Bank of the Republic of Uzbekistan and the National Press Center. Of course, in the market of payment services, issues of information security are in focus in terms of ensuring customer trust, combating fraud and data protection.

Another advantage of this service is that if in the process of operation the card is withdrawn from the card in excess of the required amount or if a repeated transaction is made, the owner of the plastic card will receive information about this via SMS. To connect to this service, you should contact the bank's service department, fill out an application indicating the full number of your Mastercard plastic card and your phone number together with the code. Information on the plastic card code specified in the client's application will be provided only to the phone number specified in the client's application.

Conclusions and suggestions

In conclusion, it can be said that the new banking services are distinguished by a number of their features, in particular, individuals appear as the main consumers, although the volume of transactions is small, the costs are higher compared to corporate banking services, the services are distinguished by the fact that they are focused on meeting personal requirements. The volume of new banking services provided by the commercial banks of our republic is increasing year by year. The number of residential deposits is increasing, the volume of transactions with plastic cards is increasing, the practice of issuing consumer and mortgage loans is improving, and the granting of loans to customers at a distance and the acceptance of deposits are becoming popular.

In order to develop the activities of "digital" banks specializing in new innovative services and to maintain their position, banks are financing or buying Fintech startups. This situation observed all over the world will undoubtedly affect the banks of our country. As a result of the research, the following suggestions can be made:

1. The use of "mobile ATMs" in the introduction of new types of innovative banking services based on foreign experience in Uzbekistan increases the demand of customers for banking services and has a positive effect on the bank's income.
2. The development of new and convenient types of deposits for attracting free funds of the population to deposits serves to increase the demand of customers for banking services. Implementation of an individual and creative approach to customers in issuing bank plastic cards.
3. The introduction of remote service by the bank for any type of service creates convenience for the customer and increases the bank's income.
4. Every bank should provide services by creating mobile applications for its customers, a 2-3 percent reduction in costs will have a positive effect on the number of customers.
5. Modernization and automation of the process of delivery of banking services is a necessary factor. Development of a modern digital system implementation strategy, in which optimization and automation of the branch system will only promote the development of the implementation of the digital banking system will drive customer attraction. From this point of view, it is important to formulate a marketing strategy aimed at the development of new banking services in our republic, to fully consider the requirements of customers for banking services, to scientifically solve the problems of segmentation of the service market based on the bank's competitive advantage.

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