

# WAYS TO DEVELOP DIGITAL SERVICES IN COMMERCIAL BANKS

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## **Annotation**

The provision of a wide range of services by banks, the work of the bank for the customer is a requirement of today. Therefore, we think it is expedient to organize programs and events that are in the interests of customers and bring income to the bank, to introduce the activities of bank branches, which explain the essence, benefits and harms of each financial service to customers. Providing a wide range of financial services will expand the source of income for banks and bring them to the level of a modern bank.

While the quantitative description of the services of commercial banks is determined by the number of services, their scope and scope, the quality description of banking services is characterized by the quality of services, speed and precise addressing, customer satisfaction with these services.

**Key words:** Humo Pay, NFC system, home banking, tap-to-phone system, onetouch, Cardrider and mobile POS terminals.

## **Introduction**

The introduction and use of information and communication technologies in banking will increase the popularity of banking services. According to an infographic study by Juniper Research, the number of users of digital banking and remote banking services in the world will reach 2.4 billion in 2020 and will increase by 54% to 3.6 billion by 2024. In 2019, banks have invested heavily in digital transformation and innovation. According to Juniper Research's Digital Transformation in Banking Readiness Index, although the scale of funding for digital transformation and innovation varies, Bank of America's funding for digital transformation and innovation varies. BBVA and "JPMorgan Chase", a transnational bank, are in the top three. Bank of America has offered a wide range of digital solutions based on intuition using chatbot and digital technologies, while BBVA Bank has focused on investing APIs in the bank by offering a banking service platform, the BBVA Open Platform. "JPMorgan Chase" conducted an experiment with blockchain. Therefore, in most countries of the world, effective management of banking services and remote digital technologies without visiting the bank remains one of the most important tasks today. BBVA Bank focused on investing APIs in the bank by offering a banking service platform, the BBVA Open Platform. "JPMorgan Chase" conducted an experiment with blockchain. Therefore, in most countries of the world, effective management of banking services and remote digital technologies without visiting the bank remains one of the most important tasks today. BBVA Bank focused on investing APIs in the bank by offering a banking service platform, the BBVA Open Platform. "JPMorgan Chase" conducted an experiment with blockchain. Therefore, in most countries of

the world, effective management of banking services and remote digital technologies without visiting the bank remains one of the most important tasks today.

Increasing customer demand in commercial banks and non-compliance with these requirements leads to a decrease in the loyalty of bank customers to their bank. As a result, bank customers tend to switch banks or use other banking services. Therefore, banks need to transform their activities in accordance with the requirements of customers, that is, to create new banking services using modern information and communication technologies of banking products and services. Today, the transformation of banks requires, firstly, the establishment of digital banks, and secondly, the change in the activities of existing banking departments and the reduction of banking costs.

In digital banks, banking services will be fully automated and self-management systems will be created for bank customers. In particular, today's demand is that as a result of the development of the digital economy, banks need to serve a larger number of customers not by increasing the number of branches, but by developing remote banking services. In particular, the Address of the President of the Republic of Uzbekistan to the Oliy Majlis of January 24, 2020 emphasizes the radical reform of the banking system, the transformation of banks, the introduction of modern banking practices, management and new services [1].

### **Literature review**

Redevelopment of smart banking services the processes of improving the banking service system have been thoroughly studied by foreign economists. In particular, the theoretical and methodological basis of the diversification of banking services through the introduction of digital banking services foreign economists X.Douglas [2], J.F.Devlin [3], V.K.Spilnichenko [4], N.I.Lixodeeva[5] studied in the scientific work of scientists such as.

Research on the role of the system of modernization and simplification of banking services in the development of financial services in the country, the conditions and opportunities for the introduction of information technology in the banking system has been widely introduced in our country. Some theoretical and practical aspects of improving the digital platform of commercial banks U.O.Azizov, T.M.Koraliev [6] and Sh.Z.Abdullaeva [7], in scientific research on the development of digital banking services scientific proposals and practical recommendations have been developed.

### **Research methodology**

Research methods such as analysis and synthesis, induction and deduction, statistics and comparison were used in the research.

### **Analysis and discussion of results**

The process of transformation of commercial banks and the transition to a digital banking system is a response to the development and active spread of new information technologies around the world, and digital technologies not only

improve the quality of products and services, reduce unnecessary costs. In other words, the development of digital financial services is an important direction in the development of the country's banking and financial system [8].

In order to improve the quality of financial services of the bank, it is necessary to introduce indicators of efficiency of banking services in the activities of banks. Calculating and publishing indicators related to banking activities will help banks achieve their strategic and tactical goals. Because measuring and evaluating the effectiveness of banking services includes the following advantages:

- increase the efficiency of the bank's staff;
- attract and retain customers;
- increasing customer experience and mutual knowledge exchange;
- reduction of the cost of banking services.

In order to further expand remote banking services in Uzbekistan and create additional convenience for customers, banks need to improve low-cost remote banking services (both for customers and banks), rather than opening a number of branches and mini-banks in the regions and districts of the country. Commercial banks are developing the infrastructure of information systems by boldly applying the achievements of information technology to banking activities on the basis of strong, reliable and highly efficient platforms, creating excellent programs based on them.

The introduction of modern information technologies, new banking products and services is creating conditions for the expansion of the banking services market in Uzbekistan. As the market economy develops in Uzbekistan, commercial banks also need to diversify their activities by increasing the range of remote banking services they provide to customers.

Remote banking services cannot be imagined without terminals, ATMs and kiosks. These simple-to-use devices today serve as a kind of mini-bank-office, ending the traditional interaction between the customer and the cashier. At present, it is possible not only to withdraw cash from these external means, but also to make various payments for goods and services. The need for innovative forms of cashless payments is constantly growing.

Entrepreneurs and the population are more eager to save money, spend less time and effort, to conduct financial transactions using high information technology, to obtain information. Taking into account this need, commercial banks are taking measures to expand the range of remote banking services, while effectively using the opportunities of the global Internet. It should be noted that this direction has become one of the priorities of the world banking system and the national banking system.

The Resolution of the President of the Republic of Uzbekistan "On additional measures to increase the popularity of banking services" also provides for the creation and development of convenient payment services, innovative products for cashless payments, including the development of direct communication and mobile

technologies and the introduction of direct communication and mobile technologies, primarily in the field of social services, transport, trade, catering, especially in the regions.

Calculating customer satisfaction with banking services shows how satisfied customers are with banking services. Allows you to assess the quality, price and other factors that affect the loyalty of customers to the bank. The increase will lead to an increase in the number of users of banking services, which in turn will increase the bank's revenue.

There are practical and theoretical problems that need to be addressed in the further development of remote banking services, including: customers are unable to perform all banking services without a full visit to the bank.

Second, the sharp increase in remote banking services also increases the threat of economic risks. That is, the legitimacy of the services provided to customers, the degree of legalization of their money transfers, and so on.

Third, the low level of access to bank customers and their new information technologies and the low level of economic literacy of the population pose certain problems in the development of remote banking services.

Fourth, the creation of an automated system of cashless payments necessitates the search for new modern forms and means that will simplify and further accelerate the system of cash circulation.

Fifth, one of the main problems in the development of remote banking services in Uzbekistan is the confidence of the population in the banking system.

There is no doubt that the steady increase in the number of customers of commercial banks will serve as a basis for increasing the level of service to them. Therefore, the rapid development of the data transmission network, which consists of a new segment of information and communication technologies, and the rapid penetration of the Internet, which is the fastest source of information, create new opportunities for information exchange.

In general, the success of the ongoing reforms in the Republic of Uzbekistan, in turn, necessitates a radical change in relations in the field of automation of commercial banks. Their positive solution will serve as a basis for the implementation of practical work in the development of the payment system, e-commerce and remote banking services in Uzbekistan, as well as the equalization of the national payment system with developed countries. is achieved.

The widespread introduction of innovative information technologies in the banking system has allowed Uzbekistan to form a national payment system in the short term. This system of real-time settlements between business entities ensures the stability of the financial market of Uzbekistan. In addition, it has a significant impact on the effective conduct of monetary policy of the country, the timely implementation of national and international payments, cash flow management.

To create innovative services, a Tap-to-phone system (trade name "Onetouch") was introduced, as a result of which for business entities (including

self-employed and delivery service providers) it became possible to get the loaves via the NFC system using a smartphone.

As part of the expansion of contactless payment technology, as well as for the convenience of the population, the service of making payments in retail and paid services without using a bank card through the mobile application Humo Pay (NFC system) .

Paragraph 2 of the Decree of the President of the Republic of Uzbekistan dated February 17, 2021 "On measures to create conditions for the accelerated introduction of artificial intelligence technologies" the task of introducing a biometric identification system (Face-ID) has been set. As a result, the coverage of the customer audience will expand, which will spread to remote areas, including the reduction of the cost of service processes due to the reduction of the branch network. In order to ensure the implementation of these tasks, UZINFOCOM is the sole integrator for the creation and support of government information systems, In cooperation with the State Center for Personalization and the European Bank for Reconstruction and Development, some work is being done to develop an information system for remote customer identification. At the same time, in order to create a competitive environment in this area, software solutions developed abroad by commercial banks are being tested.

### **Conclusions and suggestions**

In the world practice, the rapid movement of information flows makes it effective to use the experience of developed countries, the views of foreign and domestic scientists to improve remote banking services. In particular, the concept of the Development Strategy of the Republic of Uzbekistan until 2035 divides the development of the payment system in Uzbekistan into two stages, the first of which covers the period up to 2020 and includes the creation of banking services, connect to a single payment platform, establish a customer support service on this payment platform, introduce Cardrider and mobile POS terminals into the payment system, maintain P2P accounts, transfer data

The second period covers the period up to 2025 and includes a portal for accounting and sales of goods, transaction management system, mobile banking cryptographic identifiers, integration of various services into digital platforms of banks, the introduction of V2V, V2S express transfers, open applications. programming interface, remote identification in the banking business, the ability to provide banking products and services based on the study of artificial intelligence and automated machines.

Admittedly, the banking and financial system of the country is being reformed to address the existing problems. In particular, the adoption of the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025 will undoubtedly contribute to the development of the banking sector and increase its competitiveness. To achieve these goals, the strategy sets out specific measures, such as the inclusion of independent members in the Board of State Banks, diagnostics of a number of banks with the involvement of international

organizations, companies and experts, and a gradual reduction of the state share in banks' charter capital.

In addition, the introduction of a system of efficiency of bank employees KPI, the development of project factory concepts, the establishment of fin-tech companies to further strengthen the competitive environment in the banking services market, the creation of a functional system based on international experience of corporate governance. measures at the level of modern demand. Now the most important thing is to implement these measures in a timely and complete manner.

Ensuring that digital technologies are more widely available in people's lives will expand the remote use of banking services. The higher the financial literacy of the population, the more it leads to the introduction of new technologies in the services offered by commercial banks. It is important that the digital transformation process should be based on a digital strategy developed taking into account the characteristics and requirements of a particular bank. The implementation of such a strategy is a separate banking, resulting in increased efficiency of the entire banking system.

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