



## Ways to Develop Modern Bank Services

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**Abstract:** This article describes in detail the formation of modern types of banking services, its role and importance in the organization of banking services. It has been revealed that digital banking services are one of the foundations for banks to enter the new system and its convenience. It also shows the capabilities of remote banking services provided through the application "Mobile banking" and discusses the risks in this process. In addition, the reforms being implemented in the country to further improve the quality of customer service of banks and the convenience created for the population to use banking services were analyzed. Also, scientific and practical recommendations on the areas of further development and improvement of remote banking services provided by banks through the application of "Mobile banking" and improving its quality were proposed.

**Key words:** bank, banking services, banking products, mobile banking, online banking, banking services center, 24/7 outlets.

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### Introduction

The rapid development of digital technologies and their software has led to lower costs, improved quality and ease of use in the banking products and services market. Modern smartphones and tablets are reaching the capacity to do things that previously could only be done on the basis of computer technology. Such achievements in the development of information and communication technologies are widely used in the banking sector, as well as in other areas. In particular, the organization of services such as "Mobile banking", "Online banking" by commercial banks in the country facilitates the use of banking services for customers of individuals and corporate banks, as well as the population.

The rapid growth of information flow in the XXI century, interpreted as the information age, the development of the Internet and information technology in a geometric progression - shows the objective necessity and inevitable process of digitization of various services and technologies and the organization of interactions online.

As the President of the Republic of Uzbekistan Shavkat Mirziyoyev noted, "without a digital economy, the country's economy has no future." [1].

The legislative framework for the gradual reform of the banking system in Uzbekistan, its further development and the creation of the necessary legal conditions for strengthening the competitive environment in this area is being improved. In particular, the Decree of the President of the Republic of Uzbekistan dated May 12, 2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" PF-5992, which provides for the widespread introduction of information and financial technologies in the banking system. Operational measures have been identified to ensure adequate security, as well as to reduce the impact of the human factor in the provision of financial services [2].

This decree approved the "Strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025." This strategy focuses on increasing the popularity of financial services and provides for the implementation of the following key measures:

- ensuring a competitive environment in the banking sector by creating equal conditions for the activities of banks, regardless of the state share in the capital of individual banks;
- introduction of new business models of banks, including those based on the principles of digital banking;
- application of international quality standards of banking services;
- optimization of operating and capital costs of banks;
- further increase of deposits of legal entities and individuals in the national currency, as well as attraction of additional resources to the banking system due to the access of banks to international capital markets, etc.

In addition, the participation of banks in the regions will be ensured by optimizing the existing branch network by expanding the network of compact banking services offices in all regions, which provide a basic set of banking services and does not require a large number of managers, as well as the widespread introduction of mobile banking.

As a result, it is no exaggeration to say that a new stage in the evolution of banking products and services is taking place.

### **Literature review**

Digitization of economic processes is becoming a comprehensive trend that covers not only the direct information and communication network, but also all areas of economic activity in the country. The digital economy revolution is also having a strong impact on e-commerce, digital agriculture, smart grid systems, driverless transport, and personalized health care [3; 11-6].

Indeed, the 21st century began with the information revolution based on the development of digital technologies and the process of globalization of the economy. Information in society and in the economic process has become a major source of resources. This information becomes knowledge in the hands of man, socio-economic relations move to global networks. A key factor in the digital transformation in the activities of market participants is the development of this digital culture [4; 12-6].

That is why banks need to keep pace with the evolution of information technology.

In particular, the digitization of the banking system, which is one of the main links in the process of digitization of the economy, has led to the acceleration of the process of their transformation in line with modern requirements.

Transformation is an inevitable process of adapting business in the world to new conditions, to the preferences of society. The development of digital transformation in the banking sector should be done through a careful study of customer needs and analysis of existing opportunities, through the development of a new customer-oriented innovative strategy. The digital transformation of banks is primarily aimed at better understanding the needs of customers: customers and organizations want to communicate with banks faster, easier and cheaper, so in the digital economy, the banking sector must be ready to offer the most modern services [5].

In the process of transformation of banks, an increase in customer demand is inevitable, and as a result of poor quality of advanced innovative banking services in this regard may lead to a decrease in bank customers' confidence in their bank. As a result, bank customers try to switch banks or use other banking services. Therefore, the transformation of banks in accordance with the requirements of customers, ie the creation of new banking services using modern information and communication technologies of banking products and services [6].

Of course, this process requires a lot of money from banks and qualified personnel. This is due to the innovative processes taking place in almost all sectors of the economy, ie the organization of remote activities, which is the implementation of traditional banking activities online with the help of modern digital technologies and a small number of qualified specialists.

The development of remote banking services in the banking system is primarily associated with changes in people's lives, the introduction of new information technologies, automation of banking operations. In his opinion, in essence, there is no sharp difference between the traditional and remote organization of communication between the bank and the customer. The need to serve the bank's customers remained the same, only the communication channel connecting the bank and its customers has changed. In other words, only bank customers can go to the bank and perform operations remotely [7; 13-6.].

To provide such banking services, it was possible to use the mobile network and its capabilities. Mobile Banking applications for mobile payments and management have been created. Mobile Banking is one of the latest innovations in the financial sector, which is of practical importance for both users and banks [8; 12-6.].

In other words, Mobile Banking has emerged as a wireless channel for banking operations by bank customers. To date, the process of performing modern methods of banking services using mobile phones has developed somewhat [9; 38-6.].

In its simplest form, mobile banking services allow users to receive information about their account balances via SMS. Users of Mobile Banking applications will be able to transfer funds between accounts and make various payments directly [10; 44-45-6.].

At the same time, mobile banking has had a revolutionary impact on the scope of business and day-to-day operations [11; 3-6.].

However, mobile banking services are still limited in developing countries. Factors that directly affect the adoption and use of mobile banking include cultural differences, convenience, and literacy [12; 75-6.].

Consequently, it is self-evident that in most developing countries where traditional banks have hitherto operated, mobile banking (virtual or online) services are still a novelty for bank employees and its customers and the public, so the presence of the above-mentioned differences or mobile it is natural that the growth rate of banks is lower.

According to research, another important factor related to customers of mobile banking services is a factor of customer behavior when using mobile banking. That is, users should be well-mannered and have high (good) intentions in relation to mobile banking [13; 549-6.].

Mobile banking is often a relatively simple offer for retail banks. By adapting existing internet platforms to mobile devices, the new channel can be implemented at relatively low cost, however, with a high level of risk. This, of course, allows users to use basic mobile banking services at no additional cost [14; 3-6.].

### **Methodology**

In this study, statistical tables and graphs, analytical comparisons, logical and comparative analysis, grouping methods, as well as research work of foreign and domestic scientists on the subject were widely used.

### **Analysis and results**

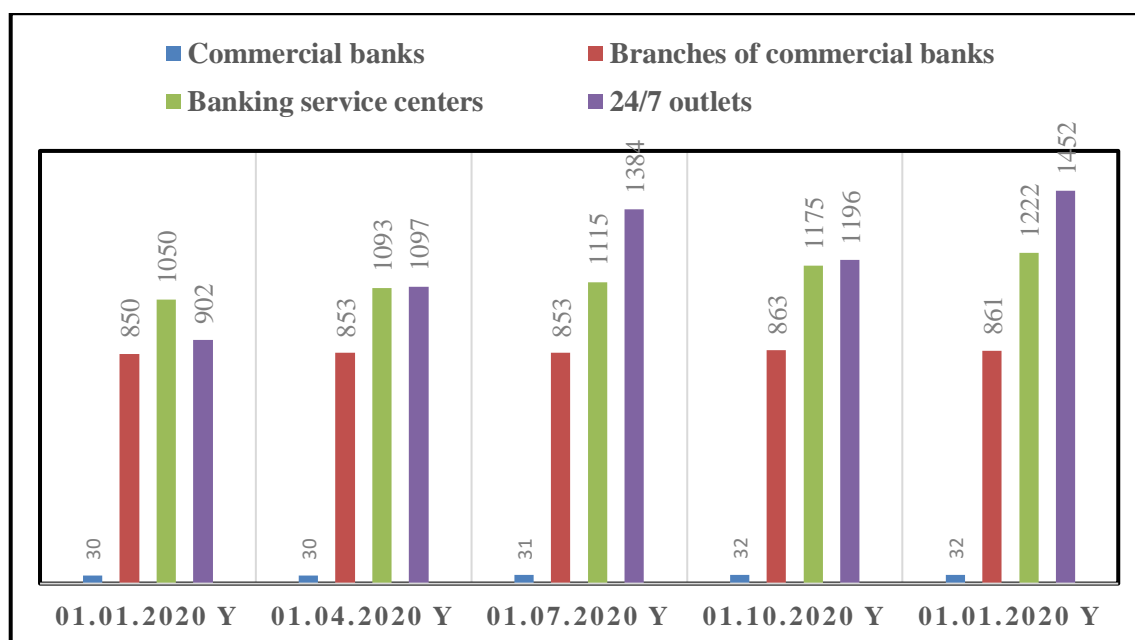
It is known from world practice that the cheapness of banking products and services does not ensure the expansion of its users. In recent years, new forms of financing and growing demand for technological services have led to a sharp increase in telecommunications in the banking sector. With the development of smartphones and gadgets and the global expansion of the Internet, it is increasingly recognized as an important tool for the development of information and communication technologies, contributes to global integration and serves to increase the efficiency of the banking system as in many industries.

In particular, smartphones have become important gadgets used in our daily lives. Using a variety of applications, they can be used not only for communication, but also for various purposes, such as accessing social networks, using the Internet, watching videos, navigating, calculating steps, performing banking operations, and more [15; 185- 192-6.].

In general, mobile technology has started a revolution in the global banking and payment system. This provides banks with additional convenience for customers in developed countries and new opportunities for a large population in emerging markets. [17].

Today, 32 commercial banks operate in the country. Each bank has developed its own mobile applications, which provide remote banking services 24/7. Developed with the help of modern information technology programs, this bank can be called "Virtual Banking" for users of mobile applications.

According to the analysis, the number of commercial banks operating in the country increased by 2 last year, bringing their number to 32. The number of branches of these commercial banks as of January 1, 2021 amounted to 861, an increase of 11 or about 1.3% compared to the same period last year. The number of banking service centers (service offices and mini-banks) as of January 1, 2021 amounted to 1222, an increase of 172 or 14.1% compared to the same period last year. As of January 1, 2021, the number of 24/7 outlets was 1,452, an increase of 550 or 37.9% compared to the same period last year (Figure 1).

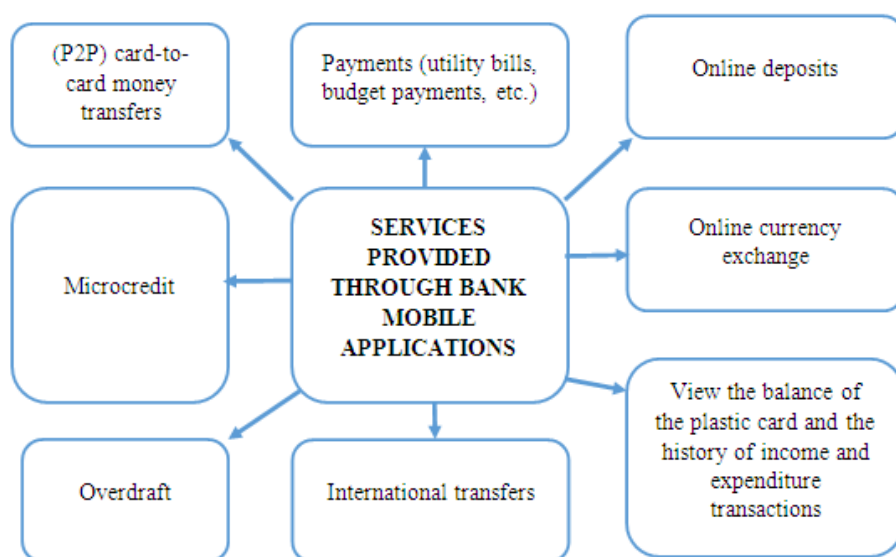


**Figure 1. Number of commercial banks and their divisions.**

**Source: Data of the Central Bank of the Republic of Uzbekistan.**

It can be observed that the number of commercial banks will increase by 2 in 2020, as well as their number will increase significantly as a result of the focus on banking services offices and 24/7 outlets. This indicates the creation of favorable conditions for meeting the needs of the population and businesses in banking services.

The use of banking services through commercial banks, their branches, banking service centers (service offices and mini-banks) and 24/7 outlets to some extent duplicates traditional banking activities. That is, the client will have to visit the bank (other forms). Of course, it also depends on the type of service used. For example, in order to receive cash on a plastic card, to get a loan, it is necessary to visit banking institutions (or branches).



**Figure 2. Remote banking services provided through mobile banking<sup>1</sup>**

<sup>1</sup> Created by the author

However, the easiest and most convenient solution for remote access to popular banking services, which are in growing demand today, are "Mobile banking", "Online banking". This is noteworthy not only for the convenience of remote use of these types of services, but also for the fact that they allow you to save extra time and costs when visiting a banking institution.

In general, the remote service system can be of two types depending on the nature of the services provided to customers:

- information;
- transaction.

At the same time, transaction banking allows you to perform financial transactions, while information banking is focused on providing financial information to customers.

Currently, commercial banks offering Mobile banking provide a range of remote banking services to their customers (Figure 2).

Although it has achieved a number of successes with Mobile banking applications introduced by commercial banks, there are still a number of challenges in meeting the requirements of banks. These include:

- incomplete development of skills of the population to use all remote services provided through Mobile banking;
- identification problems in the provision of services for banking active operations (for example, notifications on identification at the bank branch through applications);
- the length of time it takes to process and respond to information received through applications in some remote services;
- the lack of clear guidelines and instructions for remote service is not fully developed;

### **Conclusions and suggestions**

In further improving the quality of mobile banking applications and banking services provided through them, it is advisable to take into account the following:

- Further improvement and simplification of the appearance (design) of mobile banking applications and elimination of malfunctions (interruptions with the server) in the process of use;
- Preparation of clear videos on the use of "Mobile banking" applications and its dissemination to the public through the official website of the bank and social networks;
- further improvement of the system of reliable identification of users of mobile banking services and its remote implementation;
- Extensive use of artificial intelligence and digital technologies in the analysis of information received through applications in order to provide fast and quality service through mobile banking applications;
- Development of guidelines defining the procedures for the implementation of remote microcredit, microcredit and overdraft through mobile banking applications;
- it is necessary to ensure information security in the provision of remote banking services and apply new innovative forms of information security through the study of international experience in this area.



In short, the development of mobile banking applications will lead to the elimination of excessive paperwork in our daily lives, queuing, excessive time, corruption in the banking sector, and thus further improve the living conditions of the population.

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