

SOME FEATURES OF THE TRANSFORMATION INTO THE DIGITAL BANKING SERVICES

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Abstract

One of the important issues is the development of a digital banking system that increases users' confidence in the banking system and offers convenient services. The digital transformation of financial services will create a wide range of opportunities for bank customers, and will help to expand the economic opportunities of customers, while being considered an important stage for increasing financial activity. This article discusses some features of digital banking, transformation of it into the banking services and gives information about banks of Uzbekistan which provide digital services to the customers.

Keywords: digital banking, transformation, modernization, network of bank branches, mobile applications, favorable conditions, deposits, financial services.

The system of modernization and simplification of banking services is of great importance in the development of the country's financial services. Today, information technologies are widely introduced in the banking system, as in all areas. It has become clear that the development of digital banking in the banking system is one of the main issues of economic growth, especially in the period of the worldwide Covid 19 pandemic. Referring to the banking system, the President noted, "Unfortunately, the banking system lags behind modern requirements for the use of digital technologies, introduction of new banking products and software." In this, we need to recognize digital banking services as an issue that needs to be developed. One of the important issues is the development of a digital banking system that increases users' confidence in the banking system and offers convenient services. The provision of digital banking services in commercial banks of Uzbekistan is underdeveloped in banks of developed countries and is not strongly regulated. The Regulations on the Procedure for Working in Remote Banking Systems also do not reflect the services. It is necessary to ensure that digital banking becomes an integral part of a commercial bank. The Resolution of the President of the Republic of Uzbekistan dated March 23, 2018 "On additional measures to increase the popularity of banking services" also provides for the development of remote banking services, the development of new technologies and products, the study of foreign best practices and the use of foreign banking services. Special attention is paid of consumer rights, raising the financial literacy of the population to be among the current issues of our time. Therefore, this decision marked a new stage in the development of banking services. In the context of modernization of the economy, digital banking in the banking sector is impossible without comprehensive measures in the field of economic security. Thus, the need to create a financial market in order to increase the level of economic security comes to the fore. The convenience of the digital commercial banks is of great importance to users. The ability of the user to quickly find the necessary actions gives confidence in the banking system, and the recommendation of banking services to other users is observed. The provision of digital banking services in commercial banks of Uzbekistan is underdeveloped in banks of developed countries and is not strongly regulated. The Regulations on the Procedure for Working in Remote Banking Systems also do not reflect the legal aspects of today's banking services. It is necessary to ensure that digital banking becomes an integral part of a commercial bank.

Research shows that a bank or its subsidiary that provides remote banking services using innovative banking technologies (without providing teller services) is considered a digital bank. This is the definition given to the entire bank or bank branch. Digital banking should be considered as a software package for providing banking products online to users of banking services. As Gontar, the digital banking researcher said, "Digital banking is a new form of interaction between the bank and its customers, including innovations in the field of financial services for consumers and commercial customers in the field of digital, information and technology strategies." Some research scientists expressed the following opinions about "Mobile banking" in their research work: "Bank customers can immediately perform banking operations anywhere and anytime using mobile banking applications of banks." In addition, the mobile banking application reduces the cost of increasing additional branches. The bank also benefits from getting customer data from the app. Studies in developed countries have shown that e-banking reduces operating costs and therefore brings significant benefits to banks. Digital banking provides more opportunities for earning as they generate income from additional non-interest sources. The introduction of convenient e-banking services and products allowed banks to attract prospective customers and this allowed them to increase their market share.

In fact, the concept of "digital bank" developed rapidly in European countries during 2015-2020. Digital banks widely use modern digital innovations in order to provide more convenient and useful services to their customers. In order to overcome the negative consequences that occur in the financial sector because of this, one of the main issues is to achieve the wide application of the digital economy in the national economy. The use of digital banking methods, ensuring economic security and giving special importance to the development of mobile systems are of great importance for the development of financial markets and banks. After signing the Decree of the President of the Republic of Uzbekistan "On Measures to Fundamentally Improve the Activities of the Central Bank of the Republic of Uzbekistan", the banking system started to create "digital" banks and banking units specialized in retail banking services and used innovative banking technologies.

Accordingly, Anorbank and TBC Bank were registered as digital banks in Uzbekistan in 2020. Today, digital banks such as "Anorbank" and "TBS Bank" provide their customers with a full digital service through mobile applications or stationary computers. This means that a digital bank customer can access banking services 24/7. That is, in the digital banking system, the customer is provided with a mobile application, and based on the mobile application, a high flexibility of banking operations is provided with a high-tech IT infrastructure.

Below we will discuss the advantages and differences of digital banks and private or public banks:

Digital banks have got following features:

- failure to expand the network of bank branches;
- 100% installation of the online communication system between the bank and the client;
- high-quality and user-friendly mobile application;
- the most favorable conditions for deposits and loans that meet market requirements;
- availability of fast, high-quality, convenient and responsive 24/7 contact centers;

Private or public banks:

- Operation of bank branch networks in each district, city and region, lack of attention to quality;
- Low level of online communication between the bank and the client;
- Released in the name of mobile applications, the user logs in once and decides not to log in again (in mobile applications, there are constant problems with simple card-to-card money transfers or utility payment processes, system interruptions are observed in many cases) ;
- Deposits and loans that meet market requirements are issued, but in most cases only familiarity plays a big role.

- Operates only on behalf of fast, high-quality, convenient and 24/7 responsive contact centers, the client has to talk to specialists of all departments of the bank to get an answer to a question.

The amount paid by the customer for the customer's time, telephone communication service is not taken into account.

Therefore, the digital transformation of financial services will create a wide range of opportunities for bank customers, and will help to expand the economic opportunities of customers, while being considered an important stage for increasing financial activity. That is, one of the prospects of digital banks is that the cost of services will be reduced by 40-60 percent due to the digitization of financial networks. It allows customers to save money and time spent on visiting the bank and preparing documents.

In a word, the transformation process of commercial banks and the change to work in the digital banking system is a response to the development and active spread of new information technologies around the world, and digital technologies not only increase the quality of products and services, but also reduce excess costs. In other words, the development of digital financial services serves as an important direction for the development of the country's banking and financial system.

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