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Importance Of The Transformation Process In Commercial Banks

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ABSTRACT

The paper explores the significance of modernizing banking operations through the swift adoption of scientific and technological progress, particularly in information technologies (IT). It highlights the global impact of technological advancements on the competitiveness of banks, emphasizing improvements in formal documentation, expedited cash transactions, and expanded customer bases. The term "banking technologies" encompasses diverse elements, including software solutions and communication tools. Theoretical perspectives view banking technology as a convergence of disciplines, while functional dimensions include the use of technical tools, modern computer programs, and error management. The implementation of banking technologies transforms banking operations, influencing leaders, staff, and competition. Various technologies such as ATMs, mobile banking, and internet banking are explored, showcasing their impact on accessibility, convenience, and global reach. The utilization of modern digital information technologies provides a competitive advantage, reduces costs, increases efficiency, and enhances overall banking services. Overall, the study underscores the pivotal role of technology in banking, contributing to competitiveness, efficiency, and customer satisfaction.

Keywords: banking operations, technological progress, information technologies, IT landscape, banking technologies, computer networks, risk management, customer services, competitive advantage, financial risk, marketing sciences, software infrastructure, modern programs, decision-making, financial stability, automated teller machine (ATM), mobile banking, internet banking, digital technologies.

Modernizing banking operations is unattainable without the swift implementation of the latest achievements in scientific and technological progress. Global experience shows that the rapid growth of scientific and technological progress, along with emerging information technologies (IT), notably influences the overall competitiveness of banks. The progression of technological processes not only streamlines formal documentation and accelerates cash transactions but also facilitates the broadening of the customer base. The progression of IT offers the opportunity to not only improve but swiftly overhaul banking operations. Additionally, the internal and external functions of the banking sector are advancing alongside the development of IT, with a profound impact capable of reshaping the entire banking system. In a broader perspective, amidst intensifying global competition, the advancing IT landscape significantly contributes to ensuring

the resilience of banks.

Overall, IT technologies, when applied within the banking sector, encompass various elements like software solutions and communication tools, collectively shaping what is referred to as "banking technologies."

In economic literature and scientific research, various interpretations and explanations have been provided for the term "banking technologies." For example, according to the viewpoint of M.V. Dubinin, banking technologies encompass a variety of telecommunications, information technologies, computer networks, software products, internal procedures, risk management models, and others used in banks.

The term "banking technology" refers to the utilization of modern information and communication technologies by banks to offer their customers secure, reliable, and cost-effective services, as well as to achieve a competitive advantage in the banking services market. Banking technology also involves leveraging contemporary computer algorithms in the development of customer behavior models through the analysis of details such as demographic, psychographic, and transaction information.

From a theoretical perspective, banking technology is not a singular system but rather a composite formed by the convergence of several distinct disciplines, including financial risk management, information and communication technologies, computer science, and marketing sciences. Its integral components can be elucidated as follows:

1. Information technologies;
2. Communication and networking technologies;
3. Computer science;
4. Financial and risk management;
5. Marketing sciences.

From a functional perspective, R. Vadlamani's research emphasizes that banking technology is characterized by three key dimensions:

1. Utilizing appropriate technical tools through diverse delivery channels and payment systems to conduct operations and deliver services to customers is an essential aspect of banking technology, intricately linked with software infrastructure.
2. Modern computer programs are employed for the analysis and examination of customer segmentation, as well as the scrutiny of the market for banking services and problem resolution. This measurement enables banks to efficiently govern and utilize information repositories.
3. Identifying, quantifying, mitigating, and managing the volume of various errors form the third significant dimension of banking technology. This aspect plays a crucial role in assessing and managing credit risks, market risks, and operational risks within the banking processes.

In recent times, with the increasing sophistication of computers, banks now have access to capabilities that were once only aspirations, presenting significant opportunities for their customers. The integration of new technologies into banks brings about transformative changes that deeply influence the leaders, staff, and clientele of these institutions. It not only facilitates the more convenient and efficient delivery of products and services but also establishes new grounds for competition.

The implementation of banking technologies involves developing systems for both individual transactions and overall customer service within the bank. This encompasses a range of tools, particularly technical tools, for executing operations, such as plastic cards and interactive services for customers. Banking technologies encompass automation tools, information systems, modern

payment systems, network connections, management technologies, security systems, telecommunications, and various other components. Without these, envisioning a bank in today's world would be incomplete.

Without banking technologies, it is impossible to envision addressing any challenges associated with conducting banking activities today, as the demands for rapid decision-making in the last few years have sharply evolved. The software infrastructure used in banking operations has advanced, and the volume of information has increased. The traditional concept of a "conventional bank" is currently evolving into the field of "banking technologies" in both theory and practice. In today's context, the focus is not only on theoretical aspects of banking services but also on practical methods and the technical tools used to implement them.

Therefore, in the modern world of communication, banking technologies hold a significant place. They constitute a set of information and telecommunication technologies.

Banking technologies, on the other hand, encompass various models related to the management of specific computer programs, internal procedures, and risk management.

The financial stability of banks is ensured through a well-balanced monetary and credit policy. Modern banking technologies are currently being implemented to enhance financial stability and expand the customer base. Therefore, banking technologies describe a set of analytical methods for improving financial stability and effectively engaging with customers.

The ongoing and advancing technologies are closely monitored and implemented in the rapidly developing world. The progress of technologies plays a significant role in advancing the banking sector.

Automated Teller Machine (ATM) is a widely used technology worldwide. ATMs provide customers with the ability to access cash anytime it is needed. To utilize this service, customers must have an account with the bank, either a debit or credit card, and use a Personal Identification Number (PIN) provided by the bank for customer identification. The availability of ATMs allows customers to withdraw cash from any location globally.

Mobile Banking: Mobile banking is one of the latest technologies utilized in the banking sector, providing services directly to customers. For a customer to utilize mobile banking, they need a smartphone, tablet, or personal digital device. Applications compatible with the operating systems of various devices, such as Windows, Android, iOS, and others, have been developed. The mobile application is directly downloaded to the mobile device, requiring the customer to have active internet access through mobile data or Wi-Fi to avail the mobile banking services.

Internet Banking: Customers can access various services online through internet banking. This includes checking account balances, making payments, conducting fund transfers, international money transfers, setting up recurring payments, creating and updating direct debit payments, as well as reviewing the latest transactions. Customers access these services through a personal computer or laptop, entering their account information from any location worldwide. Internet banking offers a range of services, including balance inquiries, fund transfers between accounts, recurring transactions, direct debit setup and updates, fund transfers, general points in accounts, account history, credit repayments, preloading prepaid cards, and password changes, among others.

To sum up, the utilization of modern digital information technologies and their software applications in the banking sector not only provides a competitive advantage in the banking services market but also has positive effects such as reducing administrative costs, increasing efficiency, and reducing unnecessary time consumption.

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