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Ways of Using Banking Services in the Digital Economy

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Abstract

The provided paper primarily discusses the strategic initiatives and policies undertaken by the Republic of Uzbekistan to improve its banking system, emphasizing modernization, digitalization, and the adoption of international best practices. Additionally, it introduces mobile banking as an advanced method for delivering banking services, emphasizing its contemporary nature and the convenience it offers to users through mobile devices. Paper explains the process of utilizing mobile banking services, the associated benefits, and potential drawbacks, including security concerns. The overall theme is the commitment to modernization, leveraging technology, and aligning with global financial trends to improve accessibility, efficiency, and security in the banking sector.

Keywords: banking system, modernization, digitalization, strategies of the Republic of Uzbekistan, mobile banking services, modern technology, economic development, financial inclusion, mobile banking, bank card, internet.

The documents confirmed by the Presidential Decree No. PD-5992 dated May 12, 2020, titled "Strategy for the Improvement of the Banking System of the Republic of Uzbekistan for 2020-2025," and the Presidential Decree No. PD-5953 dated March 2, 2020, confirmed "Actions Strategy for the Priority Directions of Development of the Republic of Uzbekistan for 2017-2021 in the 'Year of Science, Enlightenment, and Digital Economy Development'" are important guidelines in accordance with the state program for implementation.

These documents outline the goals, tasks, and priority areas for the modernization of the banking system, focusing on the transformation and improvement directions for the period of 2020-2025. The strategies are developed based on the experience of transforming the financial sector of foreign countries and considering global trends in the financial field. Effective ways to enhance the quality of banking services in commercial banks are highlighted.

Adopting modern technologies to enhance remote banking services, identifying new types of services and products, learning from international experiences, and leveraging them to expand the accessibility of banking services within our country are crucial steps towards improving the overall availability of banking services. Protecting the rights of consumers, preserving the default rights, and increasing the financial literacy of the population are essential aspects to address in our current context. These issues hold particular significance in tackling the challenges of our time.

One of the most advanced and widely adopted methods for providing new banking services

through commercial banks is mobile banking. Mobile banking is a contemporary approach to utilizing banking services through mobile phones (smartphones) via the internet. This method allows banking service users to manage their bank accounts remotely and almost all internet banking operations through their mobile devices. Through mobile banking, customers have access to the following capabilities:

- Monitoring the status of bank cards (credit, debit, and prepaid).
- Payment of utility bills for mobile phone services, internet providers, communal services, cable, and digital television without service fees.
- Performing online currency exchange transactions.
- Executing card-to-card transfers.
- Setting up automatic processing of transactions – specifying payments on bank accounts or certain dates.
- Receiving information about the transfer of funds to the bank account.
- Obtaining a statement for transactions made with the 54 banks card.
- Making online purchases in e-commerce stores.
- Repaying loans.
- Contributing to savings.
- Applying for loans.
- Receiving and sending money transfers.
- Settling liabilities to the Central Bank of the Republic of Uzbekistan.
- Opening, blocking, and unblocking bank cards.
- Accruing interest on bank cards for deposits.
- Extending the expiration date of bank cards.
- Conducting international currency transactions in various currencies through a mobile application.

To utilize mobile banking services, customers must initially open a bank account, specifically a card account (bank card). This involves visiting the bank in person or completing required documents remotely, along with downloading the corresponding mobile application via the internet. Mobile applications are typically offered by banks or payment organizations.

If both the mobile application and the bank card are affiliated with the same bank, users may enjoy certain benefits when conducting transactions through the app. For instance, there could be reduced fees for operations like transferring funds from one card to another or withdrawing cash, generally not exceeding 1%.

For users with the mobile application installed on their smartphones, the authorization process involves entering card details (cardholder's name, card's individual number, and expiration date) as prompted by the application. Subsequently, users need to confirm the authorization using the code received via SMS from the bank. Setting up a password (PIN code) for accessing the application becomes essential thereafter, ensuring the security of funds, particularly in cases of a lost or stolen phone.

In a single mobile application, it is possible to register multiple cards. This enables users to easily switch from one card to another within the application and carry out necessary payments with the desired card.

While the design and menu of each mobile banking application may vary, they are generally user-

friendly. The menu is typically organized into sections corresponding to the user's preferred operations (transfers, payments, and balance inquiries). Initially, users need to input their card information into the application, after which they can proceed with making payments.

Upon completing any banking transaction through mobile banking, the user receives an SMS notification on the registered phone number, providing details about the performed operation. The advantages of mobile banking include:

- ✓ Convenient utilization of banking services from any location via the mobile application.
- ✓ Time efficiency.
- ✓ Availability 24 hours a day, seven days a week.

However, there are certain drawbacks to mobile banking, such as the vulnerability of a mobile phone to loss or theft and potential security risks associated with the lower level of account security.

In conclusion, the texts Uzbekistan's commitment modernizes its banking sector through strategic initiatives. Furthermore, the emphasis on technological advancements, particularly in mobile banking, reflects the country's dedication to enhancing accessibility and efficiency in financial services. Moreover, the strategic initiatives outlined demonstrate Uzbekistan's dedication to staying abreast of global advancements, fostering financial inclusion, and addressing challenges through innovative solutions. The emphasis on protecting consumer rights, preserving default rights, and enhancing financial literacy reflects a holistic approach to ensure the sustainable development of the country's banking sector in the face of evolving economic landscapes.

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