

## Ways to Develop Digital Banking in Uzbekistan

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**Abstract:** The article develops proposals and recommendations on the essence of digital banking in the national economy, its application, analysis of the current situation and development. Features of the development of digital banking in commercial banks are considered.

**Keywords:** commercial banking, digital banking, digital banking, banking products, software.

## **Introduction**

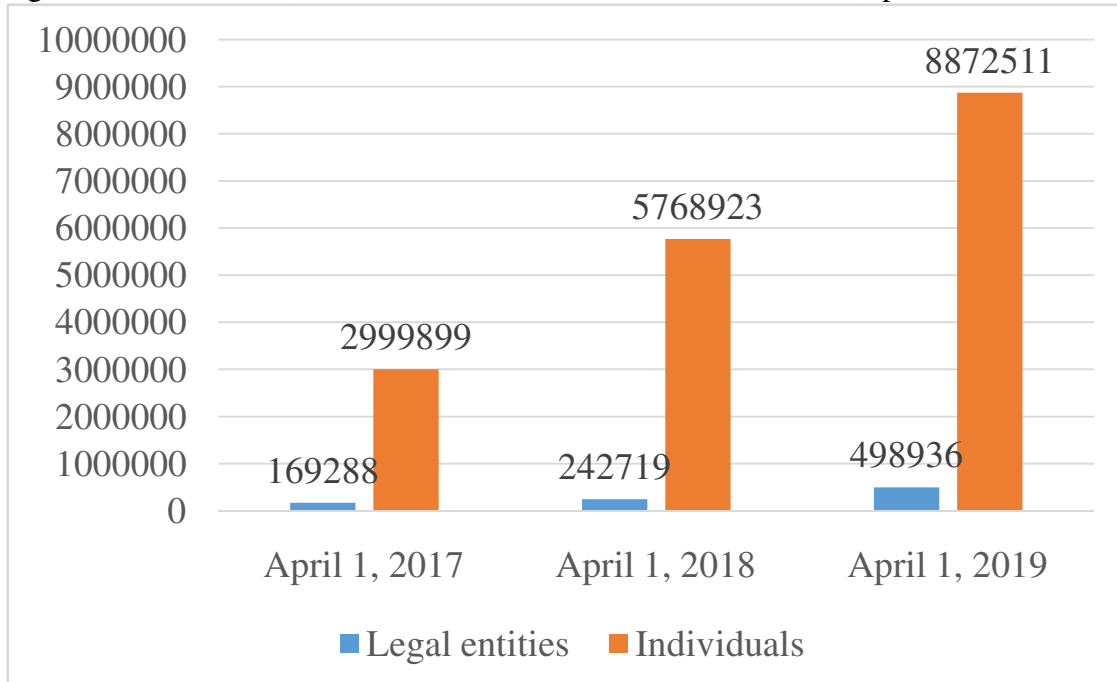
In the modernization of the economy, the modernization and simplification of the banking system plays an important role in the development of financial services. Today, as in all spheres, information technology is deeply ingrained in the banking system. The development of modern digital banking in the banking system is one of the key issues for economic growth. Commenting on the banking system, the President said, "Unfortunately, the banking system lags behind the modern requirements for the use of digital technologies, the introduction of new banking products and software" [1]. In this, we need to recognize digital banking as an issue that needs to be developed. One of the important issues is the development of digital banking system, which will increase the confidence of users in the banking system and offer convenient services. Literature review Economists, scientists and practitioners of our country express the concept of "digital banking" together with the concept of "digital banking". Research shows that using innovative banking technologies (without providing cash services), it is recognized that a bank that remotely provides banking services or its subsidiary is a digital bank [2]. This is a definition given to an entire bank or bank branch. Unlike digital banking, digital banking should be considered as a set of software for online presentation of banking products to users of banking services. It is digital banking that should provide convenient banking services to customers (users). A.A. Gontar argues that "digital banking is a new form of interaction between a bank and its customers, including innovations in the field of financial services for consumers and commercial clients in the field of digital, information and technology strategies" [3]. John Ginovsky describes digital banking as "the integration of new and evolving technologies in the activities of financial institutions with appropriate changes in internal and external corporate and personal relationships to expand customer service and increase the efficiency of banking" [4]. In our opinion, digital banking is a set of software that provides efficient operation for bank employees and a user-friendly interface in the existing online banking services system.

## **Main part**

In our country, a lot of work is being done to promote initiatives for the development of digital banking services, the introduction of modern and advanced types of banking services, the introduction of new information technologies, increasing the popularity of banking services, its application in the banking market. A number of normative and legal documents have been developed on this [5] [6]. The Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021 identifies the implementation of measures aimed at further development of the banking system, including the activities of commercial banks and the improvement of banking services as one of the priorities [7]. It is known that the development of the banking system is a factor that provides a sequence of effective mechanisms to increase the number of customers through the expansion and improvement of digital banking services. Remote provision of banking services by digital banks is carried out in accordance with the internal regulations of the bank, taking into account the requirements of the legislation. The main purpose of digital banking in our country is to provide customers with quality, modern and convenient banking services. In the banking system, new modules are being developed and implemented in the automated system IABS. A number of measures are being taken to accelerate the process of allocating loans, the use of standard electronic credit agreements, the reduction of the human factor in the allocation of loans. But, unfortunately, the work on registration of online loans is not completed yet. The legal framework and mechanisms for transferring or withdrawing a loan to an account without visiting the bank have not been improved. Establishing this

mechanism would have prevented a number of scandals. The quality of remote services is being further improved, and the system for legal entities is being improved and put into practice. Today, the number of its users has exceeded 5,437. The number of SMS-banking remote service users is also constantly growing, currently amounting to about 179,000. In the diagram below, we have provided information on users of remote banking system services in the Republic of Uzbekistan.

Diagram 1 Number of users of remote bank account services in the Republic of Uzbekistan



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

According to the diagram, as of April 1, 2019, the total number of customers using remote management of bank accounts in the Republic of Uzbekistan was 9,371,447, of which the number of legal entities and individual entrepreneurs was 498,936, the number of individuals was 8,872,511. However, when choosing the type of remote banking services, business entities go to a commercial bank and consider its relative value. In particular, it is acknowledged that the internet banking system is expensive [8]. The business entity must ensure the inclusion of remote services in the service contract after the start of service by the bank. It is then advisable to provide other services (common basic and special account opening) online and on a 24-hour basis. The management of the business entity should be able to leave an application for the selection and use of any type of banking services at any time, ie at a convenient time. Currently, the country is paying more and more attention to the rapid development of systems for remote management of bank accounts, especially for payments via mobile phones. They mainly pay for the services of mobile operators, Internet providers, taxes and other mandatory payments, natural gas, electricity and other utilities. In order to improve the quality of services in individuals in most banks, the software complex mobile application has been significantly improved. Through this system, many operations can be performed, such as utilities, budget, Internet, mobile communications, credit allocation and repayment [10]. There is also a program for individuals to conduct internships via the Internet. Today, raising the service system to a new level is aimed at eliminating existing barriers and creating favorable conditions for the provision of safe banking

services, including the opening of "digital" banks and banking branches specializing in retail services, improving the provision of remote banking services through active use of innovative banking technologies. . At a time when measures are being taken to unify digital banking in commercial banks, there is a shortage of qualified personnel. It should be noted that some commercial banks do not pay attention to the development of digital banking services, working on the traditional service system of attracting deposits, lending, settlement and cash services to customers. 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 to the protection of consumer rights, raising the financial literacy of the population to be among the current issues of our time [9]. 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 banking interface of 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.

### **Conclusion**

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. This would have prevented data security and unnecessary hassle. It is necessary to fill the gap in the development of the banking system with the help of modern information technologies and ensure that personnel are trained abroad in the banking system. So far, the work on obtaining online loans has not been completed. The legal framework and mechanisms for transferring or withdrawing a loan to an account without visiting the bank have not been improved. Establishing this mechanism would have prevented a number of scandals.

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