Priorities for Improving the Payment Services in Banks

Ph.D, Sharipova N. H. [1]

Abstract

Further liberalization of the payment services market in the Republic of Uzbekistan, a sharp reduction in restrictions on this issue, the introduction of additional features and expansion of the range of non-cash payment services, as well as the development of payment methods will create optimal solutions for all segments of the population in terms of price, comfort, protection and other indicators.

[1] Tashkent Institute of Finance

According to a study conducted based on the indicators of the country's payment system for 2010-2020, an increase in the number of remote users in payment systems by one unit leads to an increase in GDP by 24.92 million sum, an increase in the volume of transactions through payment terminals by 1 billion sum leads to an increase in GDP by 3.43 billion sum[1].

Expanding the implementation of non-cash payments through payment systems is important in the implementation of the unified monetary policy of the state. The central bank carries out systematic work to ensure the stability and uninterrupted operation of the payment system. Today, the interbank payment system of the central bank, the settlement and clearing system and the instant payment system operate in the payment services market. UZCARD and HUMO payment systems, which are considered retail payment systems, in cooperation with commercial banks, are putting into circulation bank cards in national currency, and their infrastructure is expanding.

In the segment of retail payments of the population (in retail stores and e-commerce), bank cards are the main non-cash payment instrument. This payment instrument is also actively used for money transfers (P2P transfers) between individuals.

The issuer of bank cards is commercial banks operating in Uzbekistan. In table 1 below we have given the dynamics of indicators of payment systems of Uzbekistan in relation to macroeconomic indicators.

Table 1 Dynamics of changes in payment system indicators related to macroeconomic indicators[2]

Indicators	2016	2017	2018	2019	2020
Number of bank cards in circulation, thousand pieces	19 523	19 226	17 686	20 547	25 776
Number of bank cards per capita, pcs.	0,60	0,59	0,53	0,60	0,75
The volume of transactions through terminals per capita, million sum	1,65	1,62	1,92	2,38	2,62
The share of payments via terminals in the total income of the population, %	26,8	22,4	21,2	22,0	21,5
Share of cash in M2, %	26,3	27,5	27,6	26,6	23,2
The share of cash in GDP, %	5,1	6,3	5,2	4,6	4,1

From the table data, it can be seen that the number of bank cards in circulation over the past five years has increased from 19,523 thousand units to 25,776 thousand units, the number of cards per capita has increased from 0.60 to 0.75. But considering that in developed countries this indicator is 5-6 per capita, it is clear that there are a number of works that need to be carried out in this direction. The share of payments via terminals in the total income of the population fell from 26.8% to 21.5%. This can be explained by the fact that over the past five years, electronic wallets, mobile applications and payments using a QR code have become popular among the population. A positive indicator is that the share of cash in M2 has decreased from 26.3% to 23.2% over the past five years. The Concept of the development strategy of the Republic of

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[1] Sharipova N.H.: "Econometric analysis of the impact of payment system indicators on macroeconomic stadicators"; TIF, collection of materials of the Republican Scientific and Practical Conference "Priorities for improving the statistical system in Uzbekistan", 2021, p. 397

[2] It was formed by the author on the basis of data from cbu.uz and stat.uz.

Uzbekistan until 2035 provides for the implementation of fundamental changes in payment systems using digital technologies. In particular, it is established that the share of cash in the money supply will decrease from 27% in 2017 to 5% in 2035. According to the document, further development of the banking system will be achieved on the basis of innovations in the field of digital labor, data analysis and remote service.

	01.01.17	01.01.18	01.01.19	01.01.20	01.01.21	01.01.22
Total number of users of remote banking systems, p.	**2 042,1**	**4 453**	**7 959**	**10 153**	**14 571**	**20 203**
Legal entities and individual entrepreneurs, thousand p.	135,6	227,9	359,8	691	822,5	968,6
Individuals, thousand p.	1 906,5	4 225,4	7 599,3	9 462,5	13 748,6	19 234,8

Table 2. Number of users of remote banking services[3]

From the above data, it can be seen that the number of users of remote banking services over the past six years has reached from 135.6 thousand to 968.6 thousand users in the section of legal entities, while in the section of individuals it has reached from 1,906.5 thousand to 19,234.8 thousand. As we said above, based on our econometric analysis based on the indicators of the country's payment system, an increase in the number of users of remote banking services in Uzbekistan by 1 unit will lead to an increase in GDP by 24.92 million soums. So, taking into account the fact that the increase in the number of users of remote banking services increases the indicators of the national economy, we can say that this issue is one of the priorities for improving payment systems.

In addition, one of the types of payments that should be developed in the country are payments through QR codes.

Various available payment systems have their own QR codes, which is inefficient for entrepreneurs and consumers. It is advisable to develop a standard for a single-format QR code for all payment systems receiving a QR code.

The most widely used standard for QR codes in the payment industry is the EMVCo standard. Hong Kong, Singapore, Indonesia, Saudi Arabia, India, Egypt are implementing unified QR codes in practice, developing national standards for QR payments.

Today, more than 95 thousand business entities in our country are provided with QR codes (stickers) of the QR-online information system (Fig. 1), But this indicator is considered very small, and expanding the size of payments made using QR codes is considered one of the urgent tasks. In addition, work is underway to establish a single format of QR codes in the country.

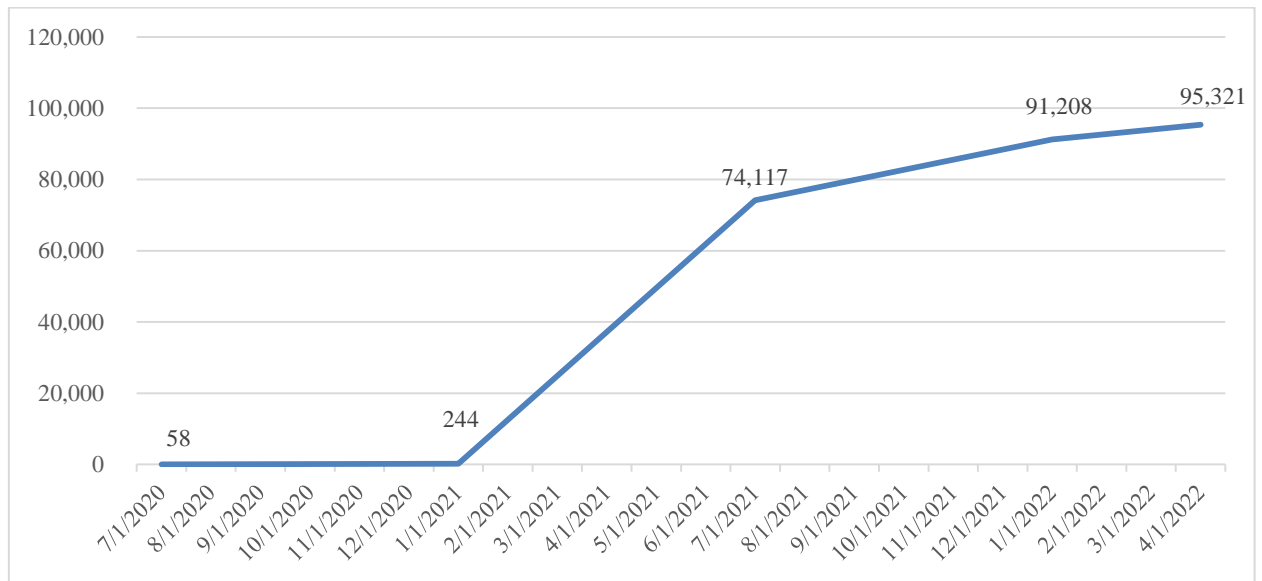[3] Prepared on the basis of website data cbu.uz.

Figure 1. Number of business entities equipped with a QR code

Summing up the above, we can say that payment systems in Uzbekistan are being improved to the required level. However, there are a number of tasks ahead that need to be completed, namely:

➢ In the field of retail payment systems, it will be necessary to encourage the widespread use of non-cash payments by the population, further popularize the use of cards, popularize payments by QR code, and introduce universal QR code solutions. Currently, commercial banks and other payment organizations offer various QR codes. The development of a universal QR code scheme in this regard is considered one of the necessary issues;

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➢ It is necessary to develop rules for the transition of financial services in payment systems to the ISO 20022 standard and self-assessment of compliance of work activities with international principles established for the financial market infrastructure;

➢ It is also necessary to conduct a scientific and analytical study on the introduction of digital currencies of the Central Bank and a comprehensive assessment of possible risks in their application.