

Digital banking in the eyes of young professionals

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Abstract

This article discusses the entry of the IT sector into the banking sector and the significant benefits of digital banking to users, including the use of banking services in any space at any given day and time, the development of a transparent competitive environment, and the development of digital banking in the future based on foreign experiences.

Keywords: digital banking, automation, internet banking, life-time banking, afterpay, clarna.



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I. Introduction

It is not difficult to feel the inseparability of artificial intelligence in our daily lives in new technological advances today. With easy commands, we can make it easy for ourselves, complete actions and save time, order simple services without leaving our home or office, and make payments.

By the early twentieth century, the term “digital” began to play an important role. At present, it is difficult to imagine the economy without IT. The banking sector also offers its own digital services: from account opening to online borrowing to payment accounts.

The digital banking business is conducted in a less paper-intensive way, and leading banks and financial institutions are introducing modern consumer practices, as well as softer operations and more reliable services. In turn, banks are moving at a faster pace and customers are looking forward to more modern banking practices, as the transition to this advanced banking practice will give them new conveniences (at any time and place), a very fast response and provides benefits such as always available consultants.

Digital banking is the automation of traditional banking services. Digital banking service allows customers to use banking products and services through an electronic or online platform. Digital banking service means digitizing all banking operations and constantly changing the physical presence of the bank online, eliminating the need for the consumer to visit the branch.

II. Literature review

Joseph and Stone (2003) learned that customers understand the impact of technology on service in the banking sector. According to the results of this study, high performance of serviceability through technology is associated with high satisfaction with services that are considered the most important for customers.

Centeno (2004) argues that speed, ease of remote access, 24/7 availability, and price incentives are key incentives for consumers to use Internet banking. The growth of Internet banking also depends on the number of benefits for both the provider and the customer. From a banking perspective, these are mainly related to cost savings (Sathye, 1999; Robinson, 2000) and Internet banking remains one of the cheapest and most efficient delivery channels (Pikkarainen et al., 2004).

Other grounds for accepting such services are related to competition, as the Internet banking strategy has been an interesting way to retain existing customers and attract new ones, says Robinson (Robinson, 2000). For example, there is growing competition among banks to offer many advantages to customers, mass tuning, and more efficient marketing and communication at lower prices, among others (Tu chila, 2000).

There are many benefits for end users, mainly including ease of service (time savings and global service), low cost of transactions, and frequent monitoring of accounts among other banks (Pikkarainen et al., 2004). However, it should be noted that there are still customers who are afraid to use Internet banking, as they are concerned about the security aspects of such a system.

In this regard, are the services provided by banks at the level of demand or are customers

satisfied with banking services? The need to increase the level of customer satisfaction with banking services is a situation that is equally necessary for both customers and banks. (Rakhimov Akmal, 2021) This is because the level of customer satisfaction with the banking services provided is an important factor in the choice of which banking services to use and the wide involvement of customers by banks.

When we talk about digital banking today, of course, we must pay special attention to the work of Islamic banking. In this regard, it is necessary to dwell on the main instruments of the intensely progressing Islamic financial industry, offering various financial services and products over the past few years. (Rakhimov Akmal et al. 2020) As well as, to study the existing requirements in the field of activity and thereby explore new opportunities for the national economy. In the case of future activities, it is relevant to analyze the similarities and differences between them and the existing system in order to introduce new services without mistakes and shortcomings.

III. Analysis and results

In the context of the 2019 pandemic, online banks, electron payment systems became more popular around the world. The amount of cash use has declined as it seems.

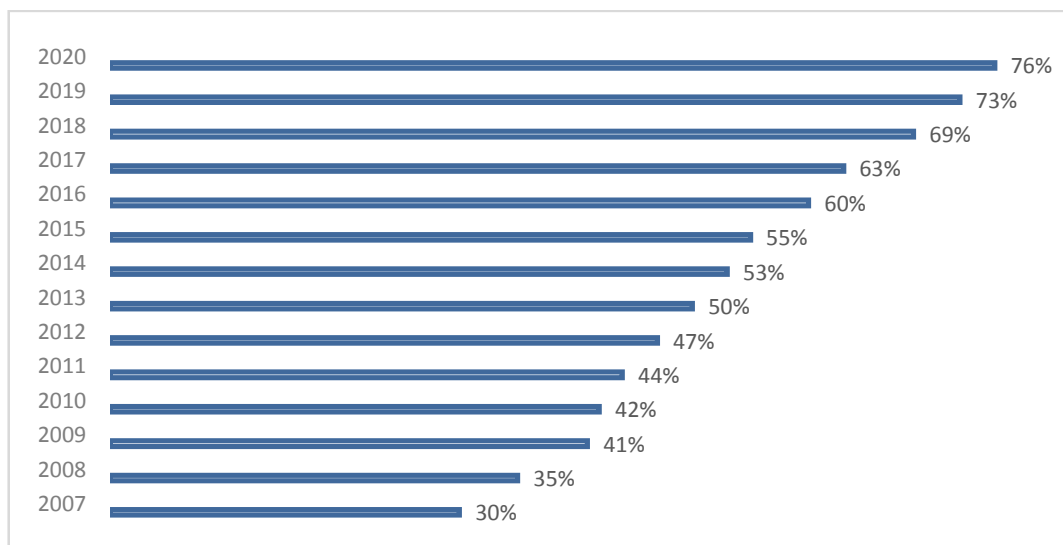


Figure 1. The influx of online banking in the UK in 2007-2020

According to official data from the European Union Central Bank, digital banks in the UK began to develop in 2007, accounting for 30% of users of online banks this year. This figure is 35 percent in 2008, 41 percent in 2009, 55 percent in 2015, and 76 percent in 2020. Even today, these interest rates are rising. The main reason for this is the growing demand for cashless money, their understanding that online banks are more convenient than branch banks, their financial literacy is the most effective way to save time from the use of remote banking services, and e-countries are o. z is improving and expanding its operations.

Various measures are being taken in our country to develop the digital economy, further increase the activities of banks, increase the number of digital banks. The first officially

registered national digital bank in Uzbekistan is Anor Bank, which provides its services to customers in full online.

All commercial banks offer their mobile applications for customer convenience, and according to Central Bank, when we analyze the statistics of the number of users of systems providing remote banking services at the level of commercial banks in 2019, a total of 9,217,527 customers used mobile applications of various banks, which 40,722 are legal entities using remote services in the National Bank of Foreign Affairs and 847,513 are individuals. At Agrobank ATB, there were 92,000 legal entities and 1,254,223 individuals. After the pandemic, there was a sharp increase in these figures. As of March 1, 2021, a total of 31 banks had reached 15,641,010. From this, the number of legal entities and individual entrepreneurs in the National Bank increased by almost 10,000 to 62,280, and the number of individuals using remote banking services increased by 400,000 and amounted to 1,211,092. In Agrobank, these figures show 116,871 and 2,421,695, respectively.

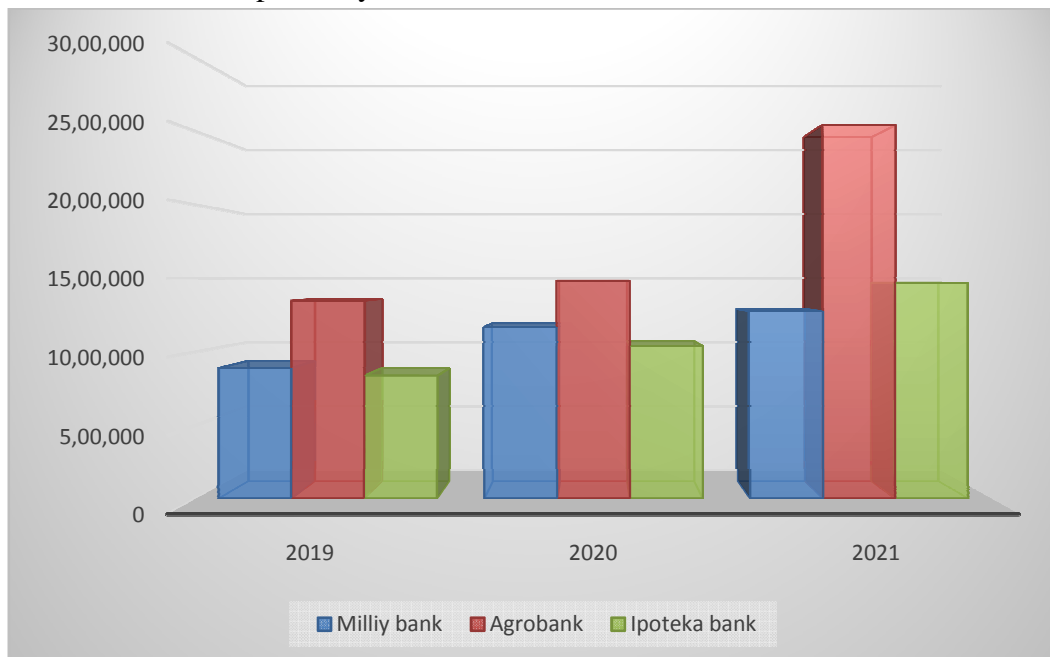


Figure 2. Number of users of remote banking systems in 2019-2021.

Conclusions

The digital banking service should pay full attention to the customer’s lifestyle, his or her way of communicating with the bank. Financial customer service should become a part of daily life. This is called Life-Time-Banking, and it means recognizing a customer’s performance (through services set up by customers), interacting with his or her daily financial needs to meet the customer’s needs. Online banks should be such that the customer does not have to fill out many forms to receive any banking service. It has already been identified and within the bank, more precisely the customer can get the service he wants and needs. It doesn’t matter how long it takes, but the bank’s branches will disappear. It is important that these technologies can meet

their needs, not with the emergence of new technologies in society.

Given a number of issues mentioned above, it would be expedient to create conditions for electron commercial firms to increase the activities of electric banks in the future, to gradually change the investment activities allocated by fintech, banks and to increase the speed of market access through digital solutions. In a digital and cashless economy, the demand for start-up projects with innovative goals is increasing. For example, companies like Afterpay in Australia and Clarna in Europe have already taken the market seriously, paying for services later, and consumers say they will accept the system if new services meet their needs. This means that the interests of Islamists are considered high.

In conclusion, the transition to a digital economy is the basis for the country's development. In the digital economy, however, the fact that banks operate without branches, online, is more accurate and efficient, competitive.

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