

DEVELOPMENT OF DIGITAL BANKING SYSTEM IN UZBEKISTAN

Urinov Komil

Karshi engineering and Economics Institute Student of the Faculty of Economics

Annotation. Commercial banking, digital banking, banking products, and software programs are aspects of the growth of digital banking in commercial banks. The following article looks at suggestions and advice regarding the importance of digital banking in Uzbekistan's national economy, its use, and an analysis of the existing situation.

Keywords: Regulations, banking products, digital technology, digital banking, conventional banking procedures, and commercial banking

Introduction. Digital technology is having a greater and greater impact on our lives every day. As a result, more and more people are using the internet more frequently than before. 4.54 billion individuals around the world now utilize the Internet, a growth of 298 million users or 7% from the previous year. 3.80 billion people used social media globally in January 2020, up 321 million users or more than 9 percent from the previous year. Additionally, there are more than 5.19 billion mobile phone subscribers worldwide, a growth of 124 million (2.4%) over the previous year. Many financial obstacles have been lowered thanks to technology, which has resulted in new services and cheaper items for consumers. The way individuals buy and sell services has changed as a result of recent technological advancements, which have produced a totally new service idea and environment. As a result of the digital revolution, firms undoubtedly confront new difficulties in retaining their current market share and luring in new customer segments. In order to obtain a competitive advantage, every business strives to offer superior customer service. Therefore, in order to utilize resources and technology for development, the banking sector must also be reformatted. Digital banking is a crucial component of this process.

The modernization and simplification of the banking system is crucial to the growth of financial services in the modernization of the economy. Information technology is now pervasive throughout many aspects of life, including the banking industry. One of the important issues for economic growth is the evolution of digital banking within the financial system. The president of Uzbekistan, Sh. Mirziyoyev, commented on the banking system and stated, "Unfortunately, the banking system lags behind the modern criteria for the use of digital technical goods and software." To do this, we must acknowledge that developing digital banking is a problem. The development of a digital banking system, which would boost users' trust in the financial system and provide practical services, is one of the crucial challenges. Our nation's economists, scientists, and professionals use the terms "digital banking" and "digital banking" interchangeably. According to research, a bank that offers banking services online or through a subsidiary is considered a digital bank even when it doesn't offer cash services. This definition applies to the whole bank as well as all banking services.

"Banking is a digital economy built on virtual financial ties formalized by electronic transactions," claims scientist Chris Skinner. Thus, banking is one of the select few businesses where technology

not only creates new prospects but also plays a crucial role. This serves as both a strength and a weakness for it. The financial industry's capacity to use, adopt, and support technology is its main strength. The challenge of switching from old operations and infrastructures to totally electronic company is where the weakness lies.

Banks now have more options thanks to digitization to put the client at the core of information development.

The emergence of digital banking channels including t-banking, e-banking, and mobile banking has altered how customers get services, posing a challenge to conventional banking practices. Some experts have remarked that since customers may access the services they need through digital platforms, banks do not need to offer a sizable physical space for the general public.

Because of the move toward digital banking, bank marketing and financial management strategies are evolving, and branch sales are no longer the only factor affecting client acquisition, retention, and financial performance. This modification has had an influence on digital banking's client pleasure, loyalty, and experience, as well as how these factors affect the vital financial performance for banks. How can banks satisfy these client requirements while also turning a profit?

The phrase "digital bank" was first included in Uzbekistan's legal system in a Central Bank Board decision that amended the process for establishing and regulating banks' operations in 2018. The text defines a "digital bank" as a bank or a part of it that uses cutting-edge technologies to deliver financial services remotely (without cash desk services). One of the Central Bank's primary responsibilities was to enhance remote banking services using cutting-edge financial technologies. It must be acknowledged that Uzbekistan has a low degree of bank digitization and that there isn't a single fully operational digital bank here. The Georgian TBC Bank acquired a provisional license from the Central Bank of the Republic of Uzbekistan in January 2020 in order to operate a bank in Tashkent, and in April the Joint Stock Commercial TBC Bank was granted a license to engage in banking operations. (For \$5.5 million, in April 2019, the bank acquired a majority interest in the Payme payment service.) A preliminary authorization for the establishment of the digital bank Anor Bank in Tashkent was also determined to be issued by the Banking Supervision Committee of the Central Bank in March 2020.

Digitalization has completely changed the banking industry in a fairly short amount of time. Customers frequently use apps to pay for things in today's society or to check their bank balance on the go while on the go. On-demand remote services have become the new standard since advanced technology has altered client demands.

Business magazine Asiamoney named Agrobank the "Best Digital Bank in Uzbekistan" as part of the Best Bank Awards 2020. In 2019, the bank hired KPMG to assist with creating a five-year business strategy, and then it completely embraced digital technology. The bank's mobile apps now allow about 260,000 consumer clients and 52,118 corporate customers to apply for and receive loans online. Microloans can be approved by the bank in as little as a few minutes. It began developing a multi-channel digital banking platform for his clients, put credit rating software into place, and opened an electronic trading platform. A new generation quick money transfer system has been launched in Uzbekistan for the first time by the local Agrobank and the Russian Sberbank.

When sending money, Russian rubles are instantly translated into Uzbek soums and credited to the receiver on the Agrobank plastic card. People have been compelled to migrate to digital payment methods as a result of governments and regulators starting to prohibit the usage of currency (cash payments may help the coronavirus spread).

Additionally, the urgent requirement for essential items is driving the rapid and safe choice of digital payments. Digital transactions don't involve any physical contact or interaction. They provide a safer method of sending and receiving money as well. These are the main explanations for why consumers favor digital payment options over cash and coins.

But like a coin with two sides, this issue offers advantages and disadvantages. The development of our local banks is being hampered by a number of significant factors:

- Bureaucracy and organizational structures: Smaller financial institutions are more flexible than larger ones.
- Long development cycles: Many banks are still working to adapt their procedures to a leaner, more flexible development philosophy.
- Legacy systems: With established systems, implementing new technology is more challenging.
- Similarly, organizational thinking has to adopt a more proactive, adaptable, and logical mindset so that banks can keep up with rapidly evolving consumer trends and technology developments.
- Consumer perception of security: Banks must continue to seek to earn consumers' trust, particularly via new developments in mobile banking and other digital services.
- High costs: Using modern technology, banks must commit more resources to control cyber risk and stop fraud.

It is required to do the following to make sure that Uzbekistan's banks are prepared for the shift to the systematic and gradual deployment of new financial technologies:

- To enhance operational procedures. Currently, conditions impose unique demands on the software, technology, and procedures employed in the banking industry. It is necessary to increase the level of automation since doing so will cut down on the necessary time and expenses and increase customer satisfaction because transactions will be completed promptly, securely, and under tight supervision.
- Banks must train experts in the fields of information security, system analysis of financial flows, developers, testers, information system administrators, engineers, and others in order to implement pertinent projects and provide current solutions.
- To make the service digital. A crucial initiative for the technological transformation of Uzbek banks is the development of a strong, trustworthy, and adaptable technological platform that can handle enormous volumes of data quickly and offer a comprehensive variety of services.
- To distribute resources (financial, human, and material) for the long-term fulfillment of strategic and tactical objectives that emerge as a result of changing external conditions.

Conclusions. As customers' demands evolve, banks should concentrate on digital banking to enhance the client experience. Digital banking has a significant economic impact, making it a competitive advantage for banks in these difficult economic times.

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