

## COMMERCIAL BANKS PROVIDE REMOTE BANKING SERVICES FOREIGN EXPERIENCE AND OPPORTUNITIES TO USE IT IN BANKING PRACTICE OF UZBEKISTAN

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### Abstract

Scientific-theoretical views on the provision of remote banking services in commercial banks have been considered. The economic nature and types of remote banking services of commercial banks are presented. The foreign experience of commercial banks providing remote banking services and the possibilities of its use in the banking practice of Uzbekistan were studied.

**Keywords:** commercial banking, remote banking, financial services, efficiency.

### Introduction

In the world, attention is being paid to the further increase of competition in the provision of quality remote banking services to the population, to the evaluation of the international rating of the efficiency of commercial banks. According to World Bank reports, "40% of the first users of digital banking services during the pandemic used online banking, 54% in East Asia and the Pacific, 15% in Latin America and the Caribbean, and 10% in Europe and Central Asia. did." The presence of inconsistencies in the process of providing remote banking services by commercial banks and the varying quality of remote banking services require special attention to be paid to this area.

### Analysis of Literature on The Subject

It is known that the history of the theory of services provided by banks has gone through several stages. At the initial stage of the development of the theory of banking services, the scientific works of H. Douglas and G. Bryan were devoted to the study of the market of banking services and its segment of banking services. In the second stage, it is reflected in the scientific works of F.Derek O.Donnell, E.Ballarín, dedicated to researching the characteristics of economic systems of countries and the impact of other factors on the market of banking services. In the next 3rd stage, ideas on the ideas of "Financial supermarket" and "financial boutique" were put forward.

In the banking market, the availability of electronic services has become widespread, and the number of mergers and acquisitions of banks has increased. In this regard, the scientific works of D.Gentle, J.Sinki, and P.Rose can be highlighted.

We tried to study the views of the scientists of the CIS countries as well. Of course, we can see different approaches in the works of Russian scientists in this field. We can see that Russian economists express opinions around the opinion expressed by many about the remote services of commercial banks. Economist I.I. Bychkova considers that "remote services of commercial banks are implemented in most cases based on the customer's order through computer technologies and telephone network without going to the bank." O.I. Lavrushin defines that "remote services of banks are complex services of the bank for remote authorization of various banking operations to its clients (individuals and legal entities)". Also, according to O.I. Lavrushin, "bank operations are the implementation of banking functions in practice, and banking services imply the implementation of one or more operations based on the bank client's order and for a certain fee." Of course, remote services of commercial banks are remote services in terms of their application and execution. But, prof. O.I. Lavrushin's above-mentioned opinions encourage us to express our opinion, albeit briefly, about banking operations, banking services and products.

### **Analysis And Results**

New technologies in the banking system are influencing the transformation of the banking and financial system from today's point of view, and the appearance of traditional banking services is expected to change soon. In the framework of providing remote banking services, security is definitely one of the primary, urgent issues. Security features such as advanced cryptography and human biometrics help protect bank customers from fraud, and remote applications make it easier than ever for customers to do their banking without visiting a bank branch. Below, we look at how modern technology is changing the way banks manage money and share information as part of their remote services.

1. Blockchain technology. Blockchain technology aims to revolutionize banking and financial services. It decentralizes financial management from a central authority to a widespread computer network. Financial transactions are divided into encrypted packets, or "blocks," which are then added to a "chain" of computer code and encrypted to increase cyber security.
2. Advanced ATMs. ATMs revolutionized banking technology when they appeared in 1967. The next revolution in ATMs may involve contactless payments. Just like Apple Pay or Google Wallet, you'll soon be able to make contactless ATM transactions using your smartphone.

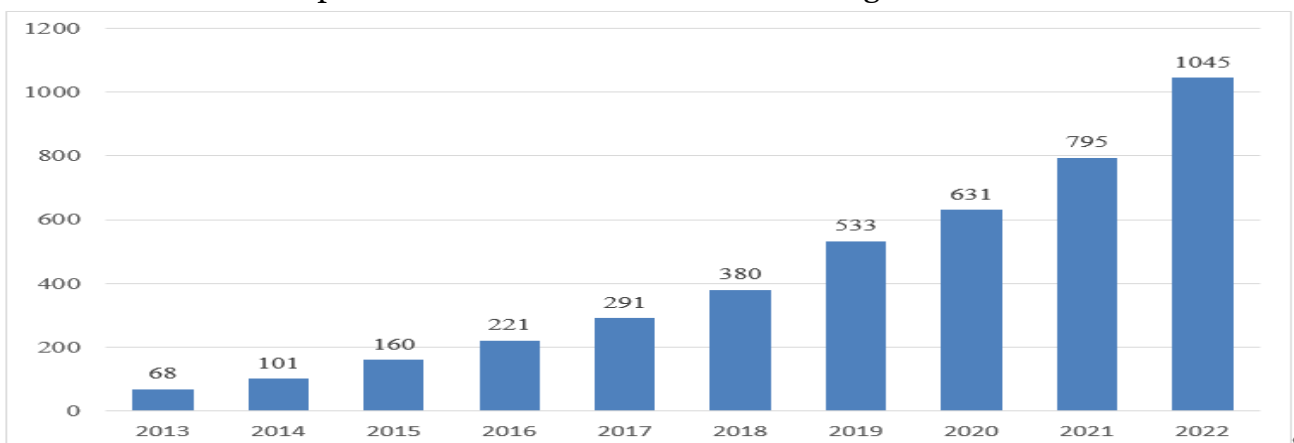
Some ATM innovations are already available abroad. For example, biometric identification is already in use in India, and facial recognition is in use at the ATMs of the National Bank of Qatar. These technologies contribute to overall banking security by protecting against ATM theft.

3. Increase of non-bank credit organizations. Modern technologies used by banks provide consumers with a fast and accurate experience. Because these organizations can dedicate a large percentage of their capital to modern financial technology, they can innovate faster than traditional banks, attracting tech-savvy customers in the process.
4. Employees of automated financial services. Vikram Pandit, who ran Citigroup Inc. during

the financial crisis, told Bloomberg in 2017 that up to 30 percent of banking jobs could disappear in the next five years due to advances in technology. According to Bloomberg, many employees at Wall Street's biggest firms are already being forced to adapt or look for other positions as they use technologies like machine learning and cloud computing to automate their jobs.

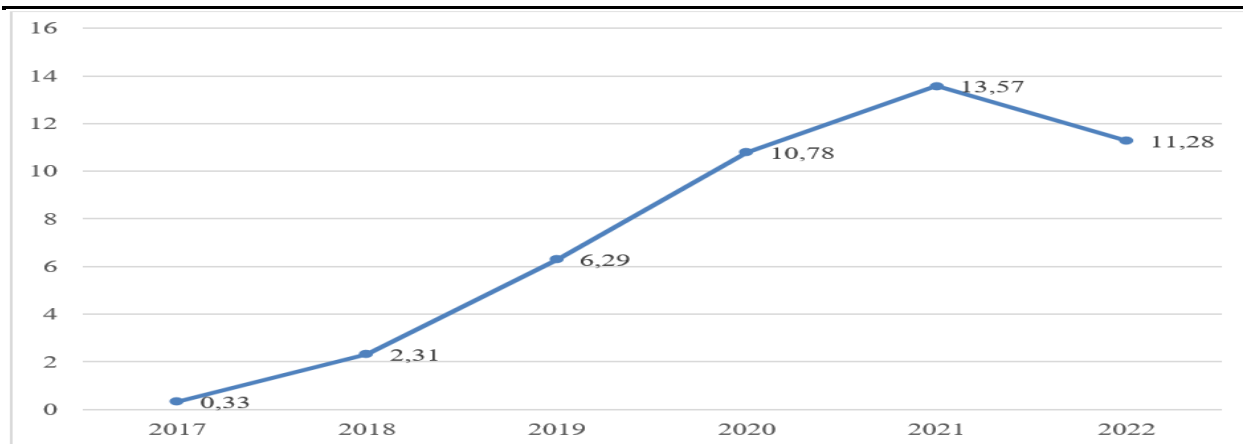
5. Mobile and digital banking. The mobile and digital transformation of the banking system has only just begun, and growth is already an explosive process. Banks are investing heavily in digital banking technologies. Artificial intelligence solutions like chatbots often help customers with simple tasks like making payments. From the end of 2016, Forbes - in a survey conducted by Forbes on attracting banking customers, 86% of banks indicated that these types of services represent their most high-tech investments.

6. Even before the humanitarian and economic challenges of COVID-19, the US consumer banking industry was in the midst of transformational change. Persistently low interest rates have forced banks to rethink their business models and look for new sources of income. Consumers' desire for simple, fast digital communications has put pressure on banks to improve the customer experience, streamline their processes and re-evaluate the size of their branch networks. The pandemic has accelerated these existing trends and added new ones.



**Figure 4. Total annual value of mobile transactions in the US (per year, billion US dollars)**

From the data in the above figure, we can see that the total value of transactions in 2021 was 1.045 trillion dollars, which is 31% more than in 2020. Of course, reaching the \$1 trillion mark in the economy is a long-awaited industry goal, but the Worldwide Mobile Communications Industry Association (GSM Association) initially predicted that it would not be achieved until 2023. However, due to the increased demand for digitization during the COVID-19 pandemic, we can see that the predictions made were prematurely manifested. Also, we can show that the value of transactions has been increasing over the years due to the large-scale attraction of new customers and the quality of the services provided.



**Figure 5. Total annual value of mobile transactions in Russia (billion USD)**

Note that mobile transactions in Russia have been growing over the years. Similarly, the value of transactions made through mobile devices has also increased. However, if we pay attention to the situation in 2022, we can see a downward trend directly due to the impact of the war between Russia and Ukraine. This indicator will be 13.57 billion in 2021. amounted to 11.28 billion dollars in 2022. equal to the dollar.

While it's unclear how long the downturn will last and exactly how much of this year's digital adoption will be permanent, it's clear that this is no time to take a wait-and-see approach or stop the idea of transformation. U.S. consumer banks have a window to create and implement a "clean sheet" path that opens up growth under the next normal conditions. These initiatives are divided into three important areas: 1) physical distribution, 2) remote consulting and 3) digitization of sales and services.

Of course, none of these ways are new. But the pandemic has magnified the challenges in each of these areas and created even greater opportunities for innovation. For example, the permanent closure of some branches gives banks the opportunity to fundamentally rethink their networks, build new flexibility into their workforce and provide their employees with new skills and challenges. A stressful economic environment has made consumers increasingly need financial advice, while the telecommuting phenomenon has created a new openness to receiving that advice remotely.

### Conclusions And Suggestions

The analysis of remote banking services provided by commercial banks, its effectiveness and quality shows that the range of remote services offered by banks to their customers has expanded considerably. Through a single bank mobile application, the client can use banking services without coming to the bank, freely convert his funds in national currency to foreign currency without paying commission, make online deposits and calculate his received funds, receive overdraft loans and pay off loans.

2. Through the bank's mobile application, the client will have the opportunity to constantly monitor his funds. The creation of such mobile applications is creating a basis for saving

customers' time and money and attracting more new customers to banks.

3. In Uzbekistan, a modern infrastructure of banking services is created based on high technologies, and remote services are provided to clients on a large scale.

4. More and more supermarkets and large shopping centers are being opened in the cities and district centers of Uzbekistan. Using the supermarket banking method, banks have the opportunity to improve the efficiency of their services, and we believe that the implementation of the new supermarket banking method, based on advanced foreign experience, will serve to enrich the range of banking services.

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