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THEORETICAL ASPECTS OF THE DEVELOPMENT OF BANKS IN THE CONDITIONS OF DIGITAL TRANSFORMATION



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Annotation. Currently, almost every large bank in Uzbekistan has its own mobile application that helps solve the daily problems of its customers. All mobile banks have basic functions for making basic payments and money transfers. The level of development of the digital bank is increasing year by year, and the range of services offered by the bank is increasing. Now, in the mobile application market, not solving specific problems, but the information that users receive how they use it and control it is becoming more important every day.

Keywords: digital economy, banking system, digital banking, financial service, financial technology, neobank.

Introduction. In the period of development of the digital economy, the banking sector is the flagship of the environment for the technical implementation of digitization. The continuous emergence of technology creates new opportunities for financial customers to interact with each other. Through this opportunity, it provides new information and communication tools for the commercial environment. The growing flow of customers is using more and more communication channels to receive banking services, use new platforms and banking ecosystems. In particular, technology is adapting to changes in people's behavior, resulting in more efficient and cheaper solutions for business development. The beginning of the digital transformation in our country began to be implemented in the banking sector, which is the central component of the economy. The main reasons are, firstly, the banking system is the most sensitive and adaptive system to external factors, which allows to improve the process of providing banking services, develop and introduce banking services by analyzing the existing innovative experience in this field. Digitization of banking activities has become an important step in the development of the modern economy. Credit organizations are introducing digital technologies into their operations, enabling them to be more successful and competitive. Globally, the evolution of banking services has gone through several stages, which contributed to the transition to a digital model of banking services (Fig. 1) [2].

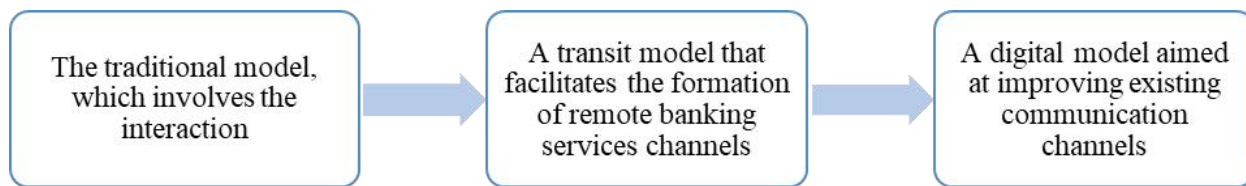


Figure 1. Models of banking services

According to experts, the digital transformation of the banking sector in the Republic of Uzbekistan is characterized by the development of financial technologies that change the system of providing financial services in the aspects of data analysis, automation of commercial processes and distribution of human resources between banks. Since digitization of banking activity is one of the most important processes in the country's economy, the strategy for reforming the banking system of the Republic of Uzbekistan for 2020-2025 was developed [1]. In accordance with the tasks defined in the strategy of further development of the banking system, the following main directions can be singled out:

- regulation of data exchange;
- regulation of ecosystems;
- regulation of payment service providers without the participation of banks;
- improvement of electronic cooperation between market participants, the state, citizens and commerce;
- Development of a number of infrastructure projects;
- Development of digital sum platforms.

The stages of transformation of the banking system are shown in the figure below (Fig. 2).

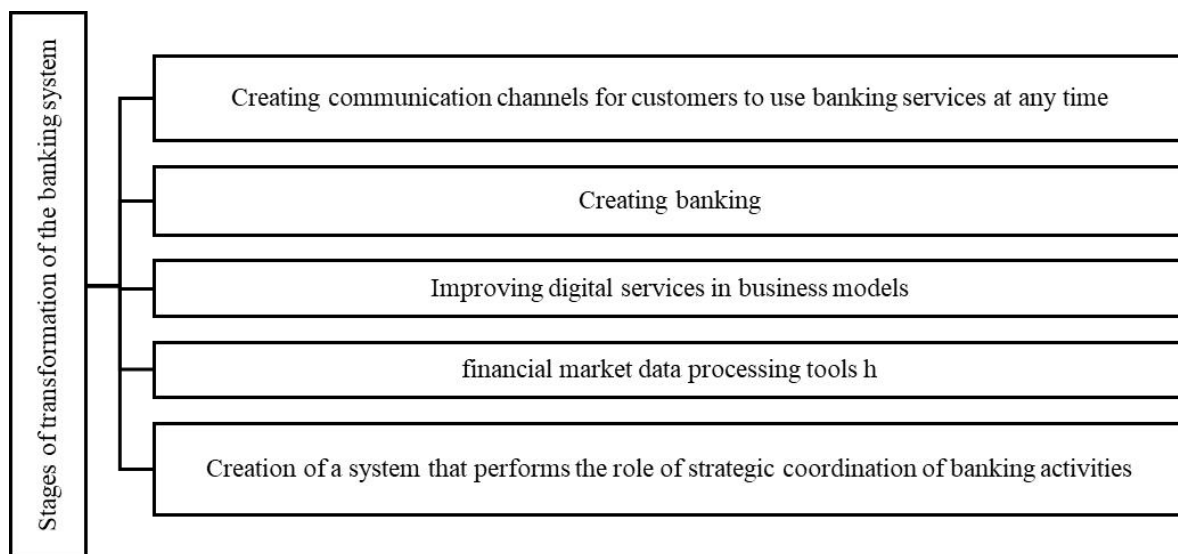


Figure 2. Steps of banking system transformation

It should be said that in the current environment, not every commercial bank could withstand competition or reach a new high level of service and sales of banking products and services. The introduction of digital technologies into the banking sector will directly change the role of banks, which are increasingly focused on personalization and mobility. The modern banking system is characterized by the expansion of the boundaries of the provision of digital services, which directly leads to the formation of new approaches to the management of commercial banking processes.

Globalization and integration processes taking place in the world economy over the last ten years have significantly changed the level of development of the financial market and banking sector. Because of this, they switched to innovative ways of operating. At this stage of development, the banking sector is undergoing changes necessary for its normal functioning in modern reality, and this is due to the influence of the following global factors:

- the evolution of consumer habits and customer preferences;
- development of financial technologies and innovations and their rapid introduction;
- Increased competition due to financial technologies.

In the banking system, there are almost no operations and services that are not implemented by financial technologies. In addition, such services have a number of advantages in the form of low cost, speed of delivery and convenience. That is why there is a tendency in Uzbekistan and in the world that banks with traditional banking services are losing their customers, because new financial technologies, for example, "neobanks", are creating more convenience for consumers in making transactions. The main components of the digital model of banking services for customers of Uzbekistan banks can be seen in the following figure (Fig. 3).

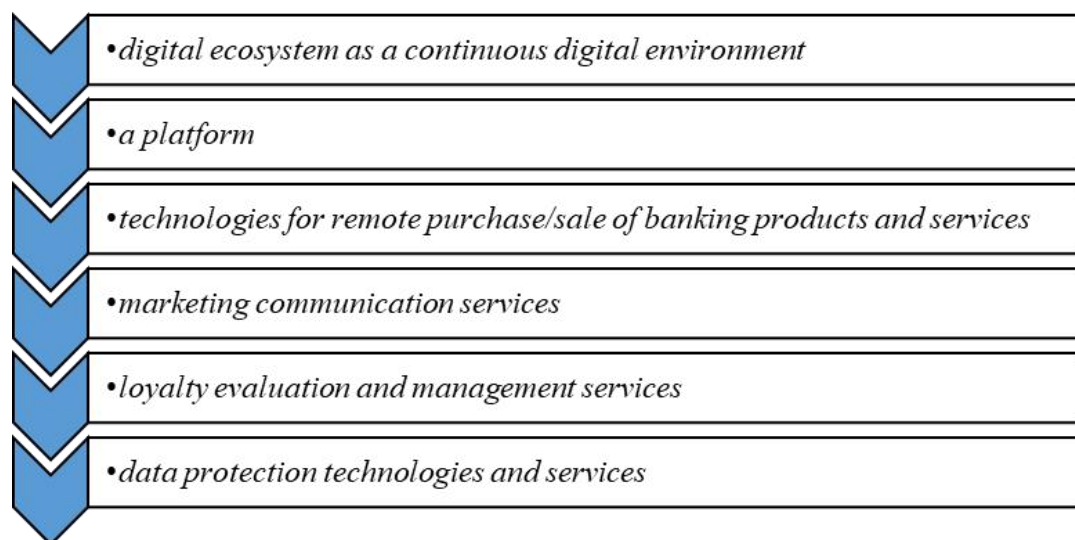


Figure 3. Composition of the digital model of banking services for corporate clients by banks

Based on the above, it seems appropriate to propose the idea of creating a neobank model focused on serving corporate clients. Creation of the Neobank model offers a new approach in the field of creation of digital communication channels with corporate clients to provide technological banking products online based on the use of machine learning technology, artificial intelligence systems, big data technology, predictive analytics, Internet of Things, Internet technologies is enough. Digital banks are also classified as social in part because with the transition to the digital space, banks continue to connect with customers using social networks. The following positive aspects of the bank's transition to the digital space are also highlighted [3]:

- the number of cash transactions is decreasing, more transactions are switching to cashless form, which makes them more transparent;
- branches reduce the burden of sales and transaction operations, and they can focus more on advising on more complex products;
- The intangible nature of the products offered by banks makes it easy to organize their sale via the Internet.

Newly established banks or small banks with an underdeveloped branch network can move to the digital space much faster, whereas for large banks, the transition to digital banking is more laborious, time-consuming and expensive. Therefore, it is more efficient for some large banks to

create a new digital bank, which allows them to retain their existing customers and attract new customers who want to use a more convenient online service. However, in addition to many advantages, digitization of the banking sector has significant disadvantages. One of them is that the further development of digitalization of the banking sector requires large investments, and such funds are not always available in small financial institutions. Larger banks, unlike smaller banks, have more capital to hire the best employees, buy new technology, or introduce artificial intelligence and biometric technologies into their organizations. In this regard, it is easier for large banks to compete with smaller players in the field of digitization of the banking sector. Therefore, banks with large capital can exclude from the market, especially small financial institutions that have just started to develop [4].

Another disadvantage is that people of retirement age are not yet ready to give up personal communication with employees of the banking sector. The reason is that people of retirement age prefer not to use digital products unless necessary, and prefer to visit offices live rather than interact with robots. In addition, many lack the financial literacy skills necessary to access digital services. Unfortunately, not everyone understands the importance of digital transformation. For many, the introduction of new technologies is a threat, as the risk of data leakage and cybercrime increases every year. Digitization of banks is being implemented in two directions, that is, by introducing product and process innovations [5].

The first path of development is based on the release of innovative banking products, which include a credit broker service that allows you to fill out an online application for a consumer loan or mortgage without the involvement of specialists, biometric identification that allows confirmation, remote banking operations, cashback services, permanent implements bonus programs and other types of services for customers.

The second direction of digitization is process innovation, which is primarily aimed at minimizing costs related to the support of banking operations. The use of artificial intelligence involves the optimization of banking services by reducing the intermediary relationship with the customer and providing a wide range of services to meet the needs of all segments of the population. [6].

Summary. At the same time, the digital transformation of the economy is considered one of the priority tasks of the country's development strategy. Additionally, the impact of the 2020 global coronavirus disease pandemic (COVID-19) and the resulting acceleration of digital technologies has forced the banking ecosystem to restructure around digital experiences like never before. The definition of necessary and sufficient features in digital banking products is changing rapidly, and the competition for profitable primary relationships has intensified. It is possible to highlight the main advantages of using modern Internet technologies in the banking sector:

- save time;
- the ability to carry out transactions remotely without going to the bank in person;
- Immediate response to changes in the financial market, because bank customers can perform the necessary operations with their accounts at any time of the day.

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ТЕОРЕТИЧЕСКИЕ АСПЕКТЫ РАЗВИТИЯ БАНКОВ В УСЛОВИЯХ ЦИФРОВОЙ ТРАНСФОРМАЦИИ

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Аннотация. В статье освещается текущее состояние цифровой трансформации бизнеса в Узбекистане на примере развития цифровизации банковского сектора. В настоящее время практически каждый крупный банк Узбекистана имеет собственное мобильное приложение, помогающее решать повседневные проблемы своих клиентов. Все мобильные банки имеют базовые функции для совершения основных платежей и денежных переводов. Уровень развития цифрового банка растет с каждым годом, увеличивается спектр предлагаемых банком услуг. На рынке мобильных приложений с каждым днём всё актуальнее становится информация, которую могут получить пользователи, а решение конкретных задач становится вторичным.

Ключевые слова: цифровая экономика, банковская система, цифровой банкинг, финансовый сервис, финансовые технологии, необанк.