

SOME THEORETICAL ASPECTS OF RETAIL SERVICES OF COMMERCIAL BANKS

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ABSTRACT

This article analyzes the theoretical foundations of retail services provided by commercial banks. It explores the concept of retail banking services, their structure, core characteristics, and their role in a market economy. The author examines various definitions and approaches found in economic literature and proposes a comprehensive theoretical framework. The theoretical insights presented in the article can serve as a basis for developing practical recommendations aimed at further developing the retail segment of banking services.

KEY WORDS

Commercial banks, retail services, bank clients, financial intermediation, market economy.

Introduction

Today, the expansion of the scope of retail services in the activities of commercial banks is an important factor in further democratizing the financial system, providing banking services to all segments of the population, and stimulating economic growth. Retail banking services are a set of financial products and services offered by commercial banks to individuals, as well as small businesses. These include deposits, microloans, plastic cards, mobile and Internet banking, payment services, and many other operations.

The formation of the economy on the basis of market relations, increased competition, and the introduction of digital technologies are increasing the importance of the retail segment in the activities of banks. At the same time, the growth of incomes of the population, the increase in demand for banking services, and the increase in financial literacy are also having a positive effect on this process.

Although retail banking services are considered a theoretically well-studied area, there are different approaches to some of its concepts, structural aspects, and classification. Therefore, this article aims to review some theoretical aspects of retail services provided by commercial banks, identify their economic essence, and generalize them based on modern approaches.

Literature Review

Retail banking services have been widely studied by many foreign and domestic scholars as one of the important areas in the activities of commercial banks. These services are characterized by direct contact

with customers, a variety of products and services, as well as the ability to get closer to customers [1]. A.V. Batovrin defines retail banking as “a type of banking activity that offers customers regular, mass and standardized services” [2]. According to him, the level of competition in the retail services market is high, and innovative approaches and digital technologies serve to increase the efficiency of banking activities.

The well-known engineer and specialist F.S. Sharipov pays special attention to the directions of development of retail banking services in Uzbekistan in his research. In his opinion, the strength of the infrastructure, the financial literacy of customers and the innovative approaches of banks play an important role in providing banking services to the population [3].

Also, local scientists such as M. Rozikov and B. Ergashev have conducted scientific research on the role of retail services in the activities of Uzbek commercial banks and their effectiveness [4]. They evaluate these services as a means of approaching customers and a mechanism for ensuring financial inclusion.

In foreign literature, the concept of Retail Banking is often described in connection with customer focus, mass service provision, and the creation of competitive products. For example, Molyneux and Wilson interpreted the concept of Retail Banking Services based on a customer service culture and personalized approaches [5].

Thus, an analysis of the scientific literature shows that views and definitions of retail banking services are diverse and it is necessary to generalize them on the basis of a single theoretical approach. This will help to rationally organize reforms aimed at increasing the effectiveness of these services in commercial banks.

Analysis and Results

Retail banking services are one of the strategic directions in the activities of commercial banks, through which the population and small businesses are more widely involved in banking services. Analysis of scientific sources shows that retail services not only serve to meet the financial needs of customers, but also serve as a stable source of income for the bank [1].

First, the main forms of retail services - deposits, consumer loans, payment services, card services, Internet and mobile banking - allow you to establish a permanent and interactive relationship with customers. In this regard, the introduction of digital technologies is significantly increasing the scope and quality of services. For example, in Uzbekistan, the number of mobile banking users has increased by almost 5 times over the past five years [6].

From an economic point of view, retail services allow you to diversify bank resources, minimize risks, and expand the customer base. Because these services are often offered to a large number of customers in the form of small transactions, and this increases the level of security for the bank. Also, banks attract public funds through retail services and form a long-term resource base [7].

Analysis shows that the share of retail services in banking is increasing. For example, retail services account for approximately 30–35% of the total active income of Uzbek commercial banks [6]. This further increases the strategic importance of this sector.

At the same time, in developing countries, including Uzbekistan, it is noted that the full coverage of retail services and the level of convenience for customers are insufficient. One of the reasons for this is the low level of financial literacy, insufficient development of infrastructure in some regions, and low trust in digital platforms [6].

From the above, it is clear that retail banking services are theoretically an important mechanism for ensuring economic stability, deepening market relations, and financial inclusion. Therefore, it would be advisable for commercial banks to reconsider their retail services strategy not only from a technical perspective, but also from a customer-oriented perspective.

Table 1 Number of customers by types of retail banking services¹

(In the case of Uzmilliybank JSC Bukhara Region)

Type of service	2021 year	2022 year	2023 year
Loans to individuals (thousands)	150	180	210
Plastic card users (thousands)	500	600	750
Internet banking users (thousands)	200	250	300
Mobile app users (thousands)	150	220	280
Warehouse funds (thousands)	400	450	500

Analysis of the table data shows that during 2021-2023, there has been a steady growth in the activities of commercial banks in the field of retail services. This confirms the intensification of digital transformation processes in the banking system, the increasing demand of the population for financial services, and the active efforts of banks to meet the needs of customers.

The number of loans granted to individuals amounted to 150 thousand in 2021, and reached 210 thousand in 2023. That is, a 40% increase was observed over two years. This growth indicates that the population's confidence in bank loans is increasing and banks are expanding retail credit products.

The number of plastic card users was 500 thousand in 2021, and reached 750 thousand in 2023. This represents a 50% increase and indicates that the population is actively transitioning to cashless payments. The convenient infrastructure and promotional card system created by banks were an important factor in this.

The number of Internet banking users increased from 200 thousand in 2021 to 300 thousand in 2023. This is also an increase of 50%, which indicates increased confidence in Internet technologies, the introduction of additional online services, and improved integration with mobile applications.

The number of mobile application users increased from 150 thousand in 2021 to 280 thousand in 2023. This is the highest growth rate in the table with an indicator of 86.7%. Such dynamics indicate that mobile banking is gaining popularity among the population due to its speed, convenience, and constant updating.

Depository deposits (the number of depositors) increased from 400 thousand in 2021 to 500 thousand in 2023. The 25% growth indicates that the population has increased confidence in the banking system and is turning to official financial institutions to store and increase their funds. Based on the analysis, it can be said that the volume and quality of retail services provided by commercial banks in Uzbekistan is increasing year by year. The rapid development of digital services - Internet and mobile banking services - serves to improve interactive communications with the population and increase the efficiency of banking activities. Also, the growth of deposit and loan services is becoming increasingly important in ensuring financial inclusion. One of the top priorities for banks should be to expand the geographical and digital coverage of services, ensure an individual approach to customers, and develop competitive

¹ Compiled by the author based on the data of the National Bank of Bukhara region.

retail products.

Conclusions and Suggestions

Based on the analysis and scientific sources, it can be concluded that retail services of commercial banks play an important role not only in meeting the financial needs of the population, but also in forming stable sources of income for the bank. Retail services create an opportunity to get closer to customers, gain their trust, offer competitive products and ensure financial inclusion. The growth trends observed in the field of internet banking, mobile applications, plastic cards and retail loans in recent years indicate that banks are successfully adapting to digital transformation. At the same time, infrastructural shortcomings, insufficient financial literacy and distrust of digital services still remain one of the obstacles. To address the above pressing issues, we have developed the following proposals:

1. Expansion of promotional activities aimed at increasing financial literacy: comprehensive programs should be developed in cooperation with banks, mass media and educational institutions to improve financial information and skills of using retail banking services among different strata of the population.

2. Diversification of the portfolio of retail services: Commercial banks need to segment their products and develop specially designed services for different customer groups, such as young people, pensioners, entrepreneurs, students.

3. Strengthening technical and information security of digital services: in order to increase trust in Internet and mobile banking, banks should strengthen cyber security measures, introduce two-step authentication, biometric identification and personal data protection systems.

4. Development of banking infrastructure in rural areas: To expand the geographical coverage of retail services, it is necessary to expand the population's access to banking services by establishing branches, mobile banking offices, and info kiosks in remote areas.

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