



## **IMPROVING THE MECHANISMS FOR ASSESSING AND MANAGING THE QUALITY OF FINANCIAL SERVICES IN COMMERCIAL BANKS**

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| <b>ABSTRACT</b>                                                                                                                                                                                                                                                                                                                                                                                                                              | <b>KEYWORDS</b>                                                                                                                                                                                                                                                                                                             |
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| This study examines how commercial banks assess and manage financial service quality, using Uzbekistan as a case. Comparative and statistical analysis of Central Bank of Uzbekistan and World Bank data shows that access indicators have outpaced quality safeguards: complaints and card fraud are rising. An integrated service quality index and a closed-loop management mechanism are proposed, with three practical recommendations. | Commercial banks, financial services, service quality, quality assessment, quality management, SERVQUAL, SERVPERF, E-S-QUAL, customer satisfaction, Net Promoter Score, complaint index, consumer protection, digital banking, financial inclusion, mystery shopping, integrated quality index, banking reform, Uzbekistan. |

### **Introduction**

Access to formal finance is no longer the binding constraint in most banking markets; the quality of what customers receive is. The Global Findex Database 2025 reports that 79% of adults worldwide now hold an account, and 75% in low- and middle-income economies, while roughly 1.3 billion adults remain unbanked, most of whom already own a mobile phone (World Bank, 2025a). In Europe and Central Asia, account ownership excluding high-income economies has stood at 78% since 2021, and 69% of adults made or received a digital payment in 2024 (CGAP, n.d.). When ownership plateaus, banks can no longer grow by enrolling new customers. They grow by retaining existing ones, and retention depends on reliability, speed, transparency, security and fair treatment. International standard-setters have responded accordingly: the updated G20/OECD High-Level Principles on Financial Consumer Protection treat quality financial products, complaints handling and redress as core supervisory concerns (OECD, 2022), and ISO 10002 codifies complaint management as a quality-management process rather than a public-relations function (International Organization for Standardization, 2018).

Uzbekistan presents this transition in compressed form. The banking reform strategy for 2020–2025 set out to raise the role of private banks, reduce the state share of financial-sector assets from 85% to 40%, and improve the accessibility and quality of banking services (President of the Republic of

Uzbekistan, 2020; World Bank, 2025b). Scale has followed. Total assets of commercial banks reached UZS 924.8 trillion on 1 January 2026, an annual increase of 20.2%, and exceeded UZS 1,016.6 trillion by 1 August 2026 (Invexi, 2026; UzDaily, 2026a). Account ownership rose from 44% of adults in 2021 to 59% in early 2025, and mobile banking transactions grew by 60% in 2025 to UZS 646 trillion (Asian Development Bank, 2026). Yet the same period produced a sharp rise in consumer grievances. The Central Bank received 11,331 bank-related appeals in the second quarter of 2026 alone, complaints about card fraud roughly quadrupled year on year in the first half of 2026, and mystery-shopping inspections led to fines on fourteen banks (UzDaily, 2026e, 2026f; Zamin.uz, 2026a). The coexistence of rapid quantitative expansion and growing dissatisfaction is the practical motivation for this study. Service quality in banking has been studied intensively for four decades in developed and large emerging markets, and the measurement instruments are mature. The subject is considerably less developed for Central Asia. Published work on Uzbekistan concentrates on the expansion of remote and digital banking, on the range of retail products and on financial stability, whereas the assessment of service quality as a managed, measurable and supervised object has received limited attention. Two gaps follow. First, there is no generally accepted indicator system that combines customer perceptions with operational, complaint and conduct data at bank level. Second, the link between measurement and managerial action, meaning who is accountable, how often results are reviewed and what consequences follow, is rarely treated as part of the research problem.

The scientific problem is a mismatch between the object and the instruments. Financial service quality in a digital, multi-channel bank is jointly determined by customer perception, system performance, complaint outcomes, conduct towards consumers and transaction security. Existing instruments each capture one of these, and supervisory practice in Uzbekistan currently publishes one, a complaint index. No mechanism integrates them into a single comparable measure and ties that measure to accountability inside the bank. As a result, banks optimise the indicators that are counted, such as cards issued, users registered and assets, while the costs of poor quality are borne by customers and surface only as complaints.

The aim of the study is to develop scientifically grounded proposals for improving the mechanisms by which commercial banks assess and manage the quality of financial services, with application to Uzbekistan. The contribution has three elements. First, the study systematises quality-assessment instruments by the type of evidence they use and identifies what each leaves unmeasured. Second, it documents, from official and published statistics for 2023–2026, a divergence between access indicators and quality indicators in Uzbekistan's banking sector. Third, it proposes an Integrated Financial Service Quality Index (IFSQI) with five blocks and a closed-loop management mechanism that links measurement to diagnosis, corrective action and supervisory disclosure.

## LITERATURE REVIEW

The conceptual foundations were laid by Grönroos (1984), who distinguished technical quality (what the customer receives) from functional quality (how it is delivered), and by Parasuraman, Zeithaml and Berry (1985), whose gap model defines quality as the difference between expectations and perceptions. Their SERVQUAL scale operationalised the concept through five dimensions: tangibles, reliability, responsiveness, assurance and empathy (Parasuraman et al., 1988). Cronin and Taylor (1992) challenged the expectations component and showed that a performance-only scale, SERVPERF, explains more variance in overall quality with half the items. Ladhari (2009), reviewing twenty years

of applications, concluded that SERVQUAL remains useful but that its dimensionality is unstable across industries and cultures, which argues for sector-specific adaptation.

Banking-specific instruments followed. Bahia and Nantel (2000) proposed the Bank Service Quality scale with six dimensions, adding price and service portfolio, which generic scales omit although they dominate bank complaints. Levesque and McDougall (1996) found that problem resolution and competitive pricing are decisive for satisfaction in retail banking. Othman and Owen (2001) extended SERVQUAL with a compliance dimension for Islamic banks, which shows how the scale adapts to institutional context. Zeithaml, Berry and Parasuraman (1996) linked perceived quality to behavioural intentions such as loyalty and willingness to pay, and Supriyanto, Wiyono and Burhanuddin (2021) confirmed for bank customers that service quality affects loyalty indirectly, through satisfaction.

Digitalisation shifted attention to electronic channels. Jun and Cai (2001) identified seventeen dimensions of internet banking quality through content analysis of customer comments. Parasuraman, Zeithaml and Malhotra (2005) developed E-S-QUAL, built on efficiency, system availability, fulfilment and privacy, with a separate recovery scale for responsiveness, compensation and contact. Amin (2016) showed that these dimensions drive e-customer satisfaction and loyalty in internet banking. In parallel, practitioners adopted single-question metrics such as the Net Promoter Score (Reichheld, 2003) and embedded customer measures in the Balanced Scorecard (Kaplan & Norton, 1992), which gave quality data a route into management control.

Among scholars in Uzbekistan, Mamadiyarov (2021a) analysed the factors affecting remote banking services during bank transformation, identifying convenience, data security, cost savings and internet quality as determinants of use, and separately examined risk management in remote service provision (Mamadiyarov, 2021b). Soliyev and Mamadiyarov (2024) studied customer experience and user preferences in digital banking. Raxmatov (2024) examined directions for developing the provision of banking services by commercial banks, and Yunusova (2023) clarified the distinction between retail banking services and retail banking products. These contributions document the expansion of channels and products; they stop short of an integrated quality metric and of the governance arrangements through which measurement results change bank behaviour. Table 1 summarises the instruments and their limits for this purpose.

### Principal instruments for assessing banking service quality

Table 1

| Instrument                 | Authors                   | Dimensions measured                                        | Limitation for bank-level management                   |
|----------------------------|---------------------------|------------------------------------------------------------|--------------------------------------------------------|
| Technical–functional model | Grönroos (1984)           | Technical quality, functional quality, image               | Conceptual; no standard scale                          |
| SERVQUAL                   | Parasuraman et al. (1988) | Tangibles, reliability, responsiveness, assurance, empathy | Expectations hard to measure; omits price and security |
| SERVPERF                   | Cronin & Taylor (1992)    | Same five, performance only                                | Perception data only                                   |

| Instrument             | Authors                   | Dimensions measured                                                           | Limitation for bank-level management |
|------------------------|---------------------------|-------------------------------------------------------------------------------|--------------------------------------|
| BSQ                    | Bahia & Nantel (2000)     | Effectiveness and assurance, access, price, tangibles, portfolio, reliability | Branch-era design                    |
| CARTER                 | Othman & Owen (2001)      | SERVQUAL plus compliance                                                      | Specific to Islamic banking          |
| E-S-QUAL / E-RecS-QUAL | Parasuraman et al. (2005) | Efficiency, availability, fulfilment, privacy; recovery                       | Electronic channels only             |
| Net Promoter Score     | Reichheld (2003)          | Willingness to recommend                                                      | Single item; no diagnosis            |

Source: compiled by the author from the cited works.

## RESEARCH METHODOLOGY

The study is an analytical investigation based on secondary data; no primary customer survey was conducted, and this boundary determines how the results should be read. The object of research is the system of commercial banks of the Republic of Uzbekistan, which comprised 35 banks at the beginning of 2026 and 34 by 1 August 2026 (Invexi, 2026; UzDaily, 2026a). The subject is the set of economic and organisational relations that arise when the quality of financial services is assessed and managed. The observation period runs from 1 January 2023 to 1 August 2026, the interval for which consistent published data on payment infrastructure, sector balance sheets and consumer appeals were available at the time of writing.

Four groups of sources were used. The first is the statistics of the Central Bank of the Republic of Uzbekistan on banking-sector aggregates, bank cards, payment terminals, users of remote banking systems and consumer appeals, taken from the regulator's website and, where the original release was not directly accessible, from news agencies reproducing it (Central Bank of the Republic of Uzbekistan, 2025; UzDaily, 2026a–2026f; Yuz.uz, 2026; Zamin.uz, 2026a, 2026b). The second is international demand-side evidence from the Global Findex Database 2025 and related World Bank and Asian Development Bank analyses (Asian Development Bank, 2026; World Bank, 2025a, 2026). The third is the World Bank's 2025 Financial Sector Assessment of Uzbekistan, used for structural characteristics (World Bank, 2025b). The fourth is the scholarly literature reviewed above together with the normative documents governing the reform.

The following methods were applied. Systematisation and logical generalisation were used to classify quality-assessment instruments by evidence type. Economic analysis of time series, covering absolute change, growth rates and the compound annual growth rate, was applied to cards, terminals, turnover, assets and deposits. Structural analysis was used to decompose appeals by subject and outcome and to compare the shares of state-controlled banks in assets, loans, deposits and non-performing loans. Comparative analysis set Uzbekistan's account-ownership indicators against regional and global benchmarks, and state-controlled against private banks. Derived indicators, such as turnover per payment terminal and the ratio between the highest and lowest published complaint-index values, were

calculated by the author from the source figures. Finally, index construction and conceptual modelling were used to design the proposed composite index and the management mechanism.

The composite index follows the standard sequence for multi-criteria evaluation: selection of indicators, min–max normalisation to a common scale with the direction of each indicator taken into account, weighting, and linear aggregation. The weights reported in the discussion are a baseline proposed by the author. They have not been estimated empirically and should be calibrated through an expert survey, for example with the analytic hierarchy process, before regulatory use.

Three limitations apply. Complaint statistics reflect the propensity to complain as well as service quality, so a rise may partly indicate greater consumer awareness. Some figures were available only through press summaries of official releases, and the categories reported for the two half-years could not be fully reconciled with the reported total; this is flagged where it arises. Bank-level perception data, such as satisfaction scores or Net Promoter Scores, are not published in Uzbekistan, which is itself one of the findings.

## ANALYSIS AND RESULTS

**Scale and structure of the banking sector.** The sector is expanding at about 20% a year while becoming slightly more concentrated in number. Table 2 shows that assets, loans and capital all grew at double-digit rates in 2025 and that the reported non-performing loan ratio declined. Growth continued in 2026: assets rose a further 9.9% in the seven months to 1 August, sector capital reached UZS 150.6 trillion, the capital adequacy ratio stood at 18.4%, and net profit for January–July was UZS 12.3 trillion against UZS 7.3 trillion a year earlier, an increase of 68.5% (UzDaily, 2026a). Deposits grew by 33% in the year to 1 June 2026, from UZS 345.6 trillion to UZS 460.6 trillion (UzDaily, 2026c). By conventional prudential measures the sector is sound and profitable.

### Key indicators of the banking sector of Uzbekistan

Table 2

| Indicator                        | 1 January 2025 | 1 January 2026 | Change  |
|----------------------------------|----------------|----------------|---------|
| Total assets, UZS trillion       | 769.3          | 924.8          | +20.2%  |
| Net loan portfolio, UZS trillion | 514.7          | 587.0          | +14.1%  |
| Total capital, UZS trillion      | 114.8          | 135.3          | +17.9%  |
| Non-performing loan ratio, %     | 4.4            | 4.1            | –0.3 pp |
| Number of commercial banks       | 36             | 35             | –1      |

Source: Invexi (2026), reproducing Central Bank data; number of banks at end-2024 from World Bank (2025b). The NPL ratio in the 2026 column refers to December 2025.

Ownership structure matters for how quality is disciplined. Banks with state ownership controlled 62.0% of system assets on 1 August 2026, down from 65% a year earlier, and the twelve largest banks held 79% of assets (UzDaily, 2025, 2026a). Table 3 shows an asymmetry within this group. State-controlled banks hold a far smaller share of deposits than of loans, which means that their funding depends less on attracting and retaining depositors. Their share of non-performing loans, calculated from the figures for 1 June 2026, exceeds their share of lending, and their average NPL ratio is 4.0% against 3.2% for private and foreign-owned banks (UzDaily, 2026b). Where funding does not depend

on customer choice, the market penalty for weak service is muted, and administrative mechanisms must compensate.

### Share of banks with state ownership in sector aggregates, 2026

Table 3

| Aggregate                     | Share of state-controlled banks, % |
|-------------------------------|------------------------------------|
| Assets (1 August)             | 62.0                               |
| Loans (1 August)              | 65.5                               |
| Deposits (1 August)           | 51.4                               |
| Non-performing loans (1 June) | 70.8                               |

Source: UzDaily (2026a, 2026b); NPL share calculated by the author as UZS 16.7 trillion of UZS 23.6 trillion.

**Access and digital infrastructure.** The period of extensive growth in access is ending. Bank cards in circulation doubled in three years, a compound annual growth rate of 25.9%, but the annual increment fell from about 35% in 2023 and 2024 to 10.1% in 2025 (Figure 1). By 1 April 2026 the total had reached 69.72 million (UzDaily, 2026d). The number of registered users of remote banking systems stood at 62.1 million on 1 April 2025, of whom 60.6 million were individuals (Central Bank of the Republic of Uzbekistan, 2025; Trend News Agency, 2025). Both figures exceed the country's population of under 40 million, so the typical customer holds cards and applications from several banks. Multi-banking lowers switching costs to nearly zero: a dissatisfied customer does not close an account, but simply moves activity to another application.

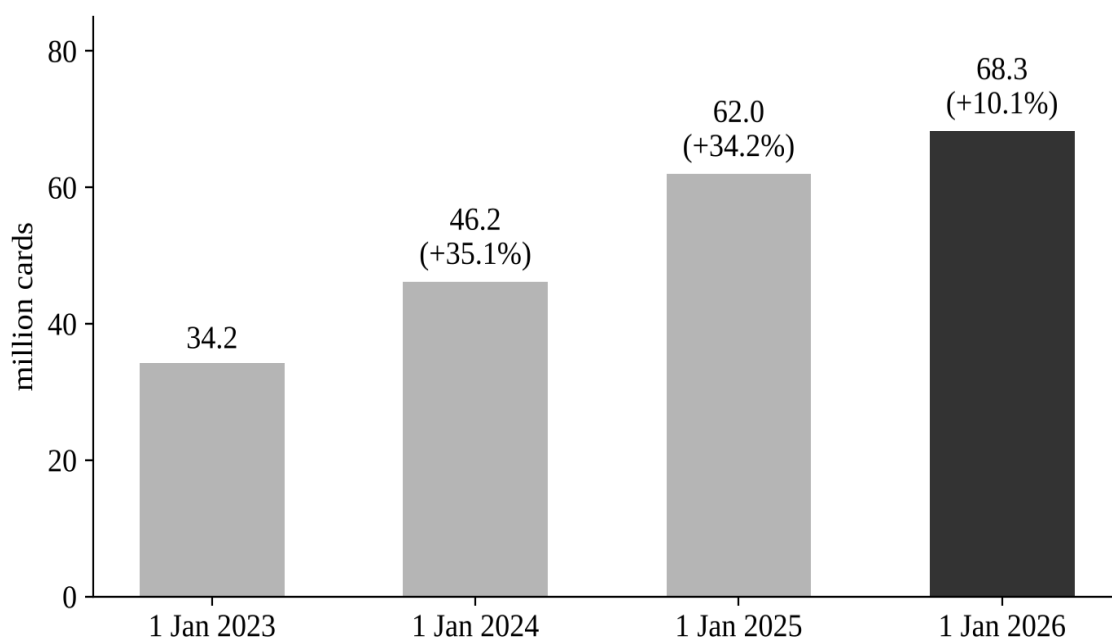


Figure 1. Bank cards in circulation in Uzbekistan, 2023–2026

Source: Yuz.uz (2026), reproducing Central Bank data; growth rates calculated by the author.

Usage is deepening faster than infrastructure. The number of payment terminals grew by only 1.1% in 2025, from 426,225 to 430,762, while turnover through them rose by 40.9%, from UZS 326.7 trillion to UZS 460.25 trillion (Yuz.uz, 2026). Turnover per terminal therefore increased by 39.4%, from about UZS 766 million to UZS 1,068 million a year. Higher load on a nearly fixed network raises the importance of availability and failure rates, which are quality attributes that card and user counts do not reveal.

Demand-side evidence confirms both the progress and the remaining distance. Account ownership rose by fifteen percentage points between 2021 and the latest survey, and women's account ownership rose from 39% to 61%, so that women are now slightly more likely than men to hold an account, 61.9% against 54.5% (Asian Development Bank, 2026; World Bank, 2026). Nevertheless, the national level remains about nineteen points below the regional benchmark (Figure 2). Ownership is also uneven: 77% among employed adults against 42% among the unemployed, and 70% among those with higher education against 50% among those with basic schooling (Asian Development Bank, 2026). The gap between tens of millions of issued cards and 59% of adults reporting an account indicates that supply-side counts overstate effective inclusion.

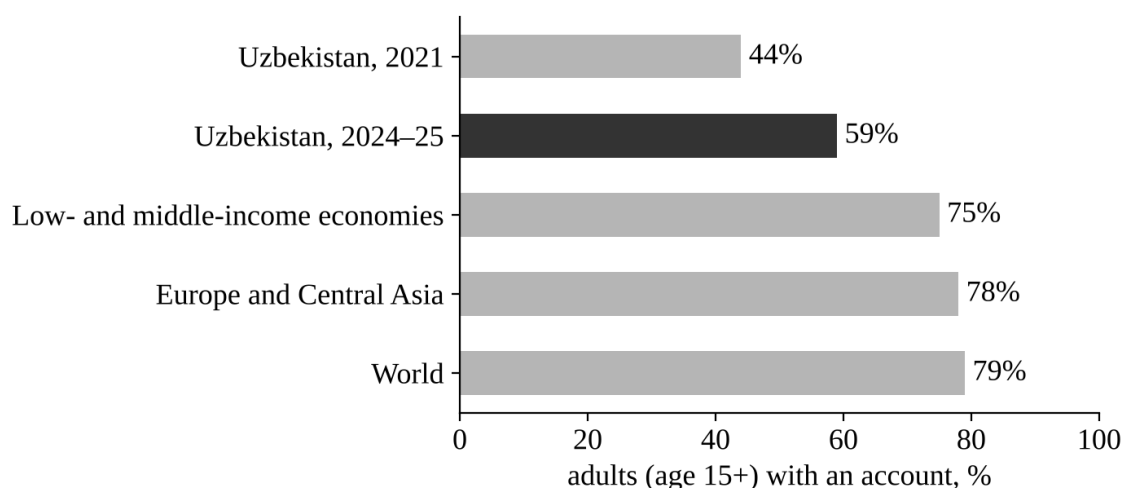


**Figure 2. Account ownership: Uzbekistan against regional and global benchmarks**

Source: Asian Development Bank (2026); CGAP (n.d.); World Bank (2025a). The regional figure excludes high-income economies.

**Consumer appeals: volume, structure and outcomes.** Grievances are growing and shifting toward credit and security. According to a press summary of the Central Bank's report, about 4,100 appeals from individuals and legal entities were received in the first half of 2026, 6.9% more than a year earlier (Zamin.uz, 2026b). Table 4 presents the structure. Lending accounts for almost half of all appeals, and appeals concerning bank cards and fraud increased nearly fourfold. Appeals about remote services rose by half, consistent with the higher load on digital channels noted above. Only payment-system and foreign-exchange issues declined.

**Appeals to the Central Bank by subject, first half of 2025 and 2026****Table 4**

| Subject                                  | H1<br>2025 | H1<br>2026 | Change, % | Share of H1 2026<br>total, % |
|------------------------------------------|------------|------------|-----------|------------------------------|
| Bank loans                               | 1,200      | 2,000      | +66.7     | 48.8                         |
| Bank cards and fraud                     | 245        | 956        | +290.2    | 23.3                         |
| Payment systems and cashless settlements | 441        | 365        | -17.2     | 8.9                          |
| Remote banking services                  | 172        | 259        | +50.6     | 6.3                          |
| Cash operations                          | 125        | 170        | +36.0     | 4.1                          |
| Deposits                                 | 73         | 135        | +84.9     | 3.3                          |
| Foreign-exchange regulation              | 73         | 66         | -9.6      | 1.6                          |

Source: Zamin.uz (2026b); changes and shares calculated by the author against a total of 4,100. Lending figures are rounded in the source. The listed categories for 2025 sum to far less than the total implied by the reported 6.9% increase, which suggests reclassification between periods; category growth rates should be read as indicative.

Outcomes are informative about the merit of the appeals. Of the roughly 4,100 received, 3,000 (73.2%) were resolved in the applicant's favour, 684 (16.7%) received a legal explanation, 71 (1.7%) were forwarded to other bodies and 318 (7.8%) were still under review on 1 July (Zamin.uz, 2026b). When nearly three quarters of escalated complaints are upheld, the cases reaching the regulator are predominantly justified and should have been resolved by the banks' own first-line procedures. This is direct evidence of weak internal complaint handling.

**The complaint index and conduct supervision.** The regulator has begun to publish a comparative quality signal. The Central Bank now calculates a quarterly complaint index for each bank as the ratio of its share in total complaints to its share in total active customers; a bank serving 5% of customers and receiving 10% of complaints scores 2. Banks with fewer than 100 appeals in a quarter are excluded. In the second quarter of 2026 the regulator recorded 11,331 bank-related appeals received directly and through other state bodies, a wider perimeter than the half-year series above, so the two are not comparable (UzDaily, 2026e; Zamin.uz, 2026a). Table 5 reports the published values.

**Complaint index of commercial banks, second quarter of 2026****Table 5**

| Rank | Bank                      | Index |
|------|---------------------------|-------|
| 1    | AVO Bank                  | 4.42  |
| 2    | Business Development Bank | 2.78  |
| 3    | Mikrokreditbank           | 2.69  |
| 6–7  | InfinBank                 | 1.46  |
| 6–7  | Turonbank                 | 1.46  |
| 8    | Asakabank                 | 1.28  |
| 9    | Ipoteka Bank              | 1.09  |
| 10   | Kapitalbank               | 1.07  |

Source: UzDaily (2026e); Zamin.uz (2026a). Values for ranks 4 and 5 were not reported in the sources consulted.

Three observations follow. Dispersion is wide: the highest value is 4.1 times the tenth. The leading group is heterogeneous, containing a digital-only bank, state-owned banks and large private banks, so neither ownership nor business model alone explains poor outcomes. The ranking is also unstable; in the first quarter of 2026 it was led by Business Development Bank (3.34) and Anorbank (3.29) (Qalampir.uz, 2026), which implies that complaint data alone are too volatile to serve as a sole management target.

Enforcement remains light relative to the incentives at stake. Following mystery-shopping inspections, the Central Bank fined fourteen commercial banks a total of UZS 681.5 million, an average of UZS 48.7 million per bank (UzDaily, 2026f). Set against sector net profit of UZS 12.3 trillion in seven months, the total equals about 0.006% of profit. Penalties of this size signal disapproval; they do not alter the economics of service design.

The evidence points to a divergence. Indicators of scale and access, namely assets, capital, cards, users and turnover, have grown by 10% to 40% a year. Indicators of quality have moved the other way: justified complaints are rising, fraud-related appeals have multiplied, most escalated cases are upheld, and bank-level results differ by a factor of four. The existing assessment mechanism captures only one of the relevant dimensions, publishes it without a link to perception or operational data, and attaches consequences that are small compared with bank earnings.

## DISCUSSION

**Interpretation of the divergence.** The results are consistent with a simple incentive explanation: banks manage what is measured, and quality is not yet measured in a way that binds. Reform targets and public reporting have emphasised privatisation, asset growth, cards and users. Each has a clear numerical definition and a responsible owner. Quality has neither. The pattern of complaints also matches what the literature predicts. Bahia and Nantel (2000) and Levesque and McDougall (1996) found that price and problem resolution dominate bank customers' evaluations, and lending terms and unresolved disputes are precisely the largest category in Table 4. Parasuraman et al. (2005) placed privacy and recovery at the centre of electronic service quality, and the fastest-growing category is card fraud, a failure of security followed by a failure of recovery. Mamadiyarov (2021a) identified data security as a determinant of remote-banking use in Uzbekistan before the present increase; the current figures show the risk materialising at scale.

Multi-banking sharpens the consequences. Zeithaml et al. (1996) showed that perceived quality drives behavioural intentions, and Supriyanto et al. (2021) that it does so through satisfaction. Where customers already hold several banks' applications, weak satisfaction translates into lost transactions and balances without any visible account closure. A bank that tracks only registered users will not see the loss. This is why perception-based measures must sit alongside operational and complaint data, and why no single existing instrument is sufficient.

**First approach: an integrated quality index.** The study proposes an Integrated Financial Service Quality Index that combines five blocks of evidence, each drawn from an established instrument and each compensating for a blind spot of the others. Table 6 sets out the structure. Perceived quality is measured by a standardised survey built on SERVPERF and the banking-specific dimensions of the BSQ scale, supplemented by satisfaction and Net Promoter scores. Digital channel quality uses objective system data aligned with E-S-QUAL. Complaints and redress extend the regulator's index

with first-line resolution and timeliness, following ISO 10002. Conduct and transparency rely on mystery shopping, and security and trust on fraud and reimbursement data.

### Proposed structure of the Integrated Financial Service Quality Index (IFSQI)

Table 6

| Block                       | Indicators                                                                                                                 | Data source                               | Baseline weight |
|-----------------------------|----------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|-----------------|
| 1. Perceived quality        | Survey score on reliability, responsiveness, assurance, empathy, access and price; satisfaction score; Net Promoter Score  | Independent standardised quarterly survey | 0.30            |
| 2. Digital channel quality  | Service availability; failed-transaction rate; time to complete key operations                                             | Bank system logs; payment-system data     | 0.20            |
| 3. Complaints and redress   | Complaint index; share resolved at first line; median resolution time; repeat-complaint share                              | Bank complaint registers; Central Bank    | 0.20            |
| 4. Conduct and transparency | Mystery-shopping compliance score; accuracy of full-cost disclosure                                                        | Central Bank inspections                  | 0.15            |
| 5. Security and trust       | Fraud losses relative to card turnover; unauthorised transactions per 100,000 active customers; share of losses reimbursed | Bank and payment-system reports           | 0.15            |

Source: developed by the author. Weights are a baseline for expert calibration, not empirical estimates.

Each indicator is normalised to the unit interval across banks, with cost-type indicators such as failure rates inverted, and block scores are averaged and weighted:

$$IFSQI_{b,t} = 100 \sum_{k=1}^5 w_k \left( \frac{1}{n_k} \sum_{j=1}^{n_k} z_{kj,b,t} \right), \quad \sum_{k=1}^5 w_k = 1 \quad (1)$$

$$z_{kj,b,t} = \frac{x_{kj,b,t} - x_{kj}^{\min}}{x_{kj}^{\max} - x_{kj}^{\min}}; \quad z_{kj,b,t} = \frac{x_{kj}^{\max} - x_{kj,b,t}}{x_{kj}^{\max} - x_{kj}^{\min}} \quad (2)$$

Here b denotes the bank, t the quarter, k the block and j the indicator within a block; formula (2) gives the normalisation for benefit-type indicators (first expression) and cost-type indicators (second expression). The index ranges from 0 to 100. A four-band reading is proposed for supervisory use: 80 and above, high; 60–79, adequate; 40–59, weak; below 40, critical. The design has three properties that the complaint index lacks. It is less volatile, because five blocks are unlikely to move together by chance. It is diagnostic, because a low score decomposes into blocks and indicators. It is also harder to

game, because improving one block at the expense of another, for example by discouraging complaints, would be exposed by the perception survey.

**Second approach: a closed-loop management mechanism.** Measurement changes outcomes only when it is embedded in a management cycle with named owners. The proposed mechanism has four stages repeated each quarter (Figure 3). In the first, the five blocks are measured. In the second, they are aggregated into the index and benchmarked against the sector. In the third, the bank performs root-cause analysis on the weakest indicators, classifying causes into product design, process, personnel, technology and third parties. In the fourth, corrective plans are approved with deadlines and budget, and results feed into the performance indicators of responsible managers, in line with the customer perspective of the Balanced Scorecard (Kaplan & Norton, 1992).

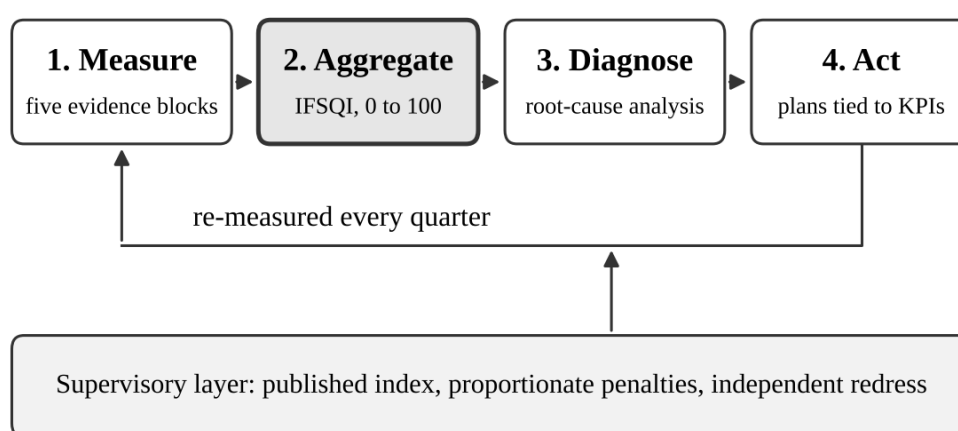


**Figure 3. Closed-loop mechanism for managing financial service quality**

Source: developed by the author.

Three organisational conditions make the loop operative. Responsibility should rest with a member of the management board, with quarterly reporting to the supervisory board, so that quality is governed at the same level as credit and liquidity risk. The complaint function should be independent of the business lines whose decisions it reviews. A defined portion of variable remuneration for senior and branch management should also depend on the index, because the evidence on fines presented above shows that external penalties alone are too small to shift behaviour.

**Third approach: the supervisory and redress layer.** The regulator's role is to make quality comparable and consequential across banks. Publication of the complaint index is a significant step and should be extended to the full index, so that customers and investors see standardised results. Penalties for conduct violations should be proportionate to the scale of the bank and to the harm caused, since fixed sums of a few tens of millions of soums are negligible for institutions earning trillions. Finally, the high share of upheld appeals indicates demand for an out-of-court redress body. The OECD (2022) principles recommend accessible, independent and timely complaint handling and redress mechanisms; a financial ombudsman funded by industry levies would relieve the regulator of case-by-case adjudication and give banks a direct financial reason to resolve disputes at the first line.

**Practical significance for Uzbekistan.** The proposals fit current conditions in four respects. First, much of the required data already exists. The Central Bank holds active-customer and complaint counts by bank, conducts mystery shopping and receives payment-system statistics, so the marginal cost lies mainly in the standardised survey and in a unified complaint taxonomy. Second, the privatisation of state-owned banks, under which the authorities are selling stakes in several institutions (World Bank, 2025b), makes verified service-quality data commercially valuable, because franchise quality is part of what a strategic investor buys. Third, for banks that remain in state ownership and whose funding depends less on depositors, an administratively required index substitutes for missing market discipline. Fourth, with account ownership at 59% and uneven across employment and education groups, further inclusion depends on trust; visible action on fraud and on lending disputes addresses the two largest sources of grievance and therefore the main obstacles to wider use.

**Limitations and further research.** The index has not been tested on bank-level data, and its weights are not empirically derived. The next step is a pilot in which the perception survey is fielded for a sample of banks and the weights are calibrated by expert judgement and validated against customer retention. Future research should also estimate the relationship between index values and financial results, which would establish the business case for quality in the Uzbek market.

## CONCLUSIONS AND SUGGESTIONS

The study set out to improve the mechanisms by which commercial banks assess and manage the quality of financial services, and it reaches four conclusions. First, the theoretical instruments are complementary, not competing: perception scales, electronic-quality scales, complaint standards and conduct testing each observe a different part of the same object, and none is adequate alone for a multi-channel bank. Second, in Uzbekistan the indicators of scale and access have grown by between 10% and 40% a year, while the indicators of quality have deteriorated: appeals to the regulator are rising, card-fraud appeals nearly quadrupled in a year, and about 73% of escalated appeals are upheld. Third, the present assessment mechanism rests on a single published measure, the complaint index, which varies fourfold across banks and changes leadership from quarter to quarter, and on penalties equal to a few thousandths of one percent of sector profit. Fourth, quality can be made manageable by integrating five blocks of evidence into one index and placing that index inside a quarterly cycle of diagnosis, corrective action and disclosure.

On this basis, three practical proposals are put forward.

**1) Introduce the Integrated Financial Service Quality Index as a mandatory supervisory indicator.** The Central Bank should approve a unified methodology covering perceived quality, digital channel quality, complaints and redress, conduct and transparency, and security and trust. Banks would report the underlying indicators quarterly, an independent organisation would conduct the standardised customer survey, and the regulator would publish bank-level results alongside the existing complaint index. A unified complaint classification aligned with ISO 10002 should be adopted at the same time, so that categories are comparable across banks and periods. A pilot covering the largest banks would allow the weights to be calibrated before full introduction.

**2) Institutionalise closed-loop quality management inside each bank.** Every commercial bank should assign responsibility for service quality to a member of the management board, establish a complaint-handling unit independent of the business lines, and report index results and corrective plans

to the supervisory board each quarter. A fixed share of variable remuneration for senior and branch management should depend on the index and on first-line complaint resolution. For banks with state ownership, these indicators should be included in the performance targets set by the shareholder, since their funding structure exposes them less to depositor discipline.

**3) Strengthen protection against fraud and create an independent redress mechanism.** Given the rise in card-fraud appeals from 245 to 956 in one half-year comparison, minimum anti-fraud standards should be made binding: real-time transaction monitoring, inter-bank exchange of fraud data, and clear rules on the allocation of liability for unauthorised transactions with defined reimbursement deadlines. Penalties for conduct violations should be scaled to the size of the institution and the harm caused. An independent financial ombudsman, funded by levies on financial institutions, should be established to resolve disputes out of court, which would shorten resolution times and give banks a direct incentive to settle justified claims themselves.

Implemented together, these measures would shift the focus of banking reform from expanding access to assuring quality. For customers, this means safer and more reliable services. For banks, it means retention in a market where switching is costless. For the regulator, it means an early-warning indicator of conduct risk that complements prudential supervision.

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