AMERICAN JOURNALS
Open Access, Peer Reviewed Journals

American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 12, | May, 2023

ADVANTAGES OF USING REMOTE BANKING SERVICES IN COMMERCIAL BANKS OF UZBEKISTAN

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A B S T R A C T

This article examines the importance of remote banking services in banking, the channels of their provision and the possibilities of further expansion. The state of development of remote banking services in the practice of commercial banks of Uzbekistan was analyzed on the basis of collected statistical data, and opinions of foreign and local scientists on this topic were also presented. Also, proposals and recommendations were made regarding the further expansion of the types of remote services of the commercial banks of our country.

K E Y W O R D S

economy, banking sector, commercial banks, remote banking system and services, information technologies, digitization processes

Introduction

The most effective way to ensure the competitiveness of commercial banks is to gain the trust of customers and create all the conveniences for them, as well as to increase the type, quality and speed of services. In order to ensure competitiveness, banks feel a greater need to introduce modern banking services and use new technologies. In particular, in this regard, the President of the Republic of Uzbekistan Sh. Mirziyoev said in his speech, “...we must take drastic measures this year to develop the banking system. Starting from 2020, a large-scale transformation program will be implemented in each bank. In this regard, increasing the capital, resource base and income of our banks will be the focus of our special attention” [1].

Taking into account the above, the banking system in recent years a number of documents were adopted, aimed at liberalization and adaptation to the conditions of free competition. In particular, the adoption of Resolution No. 3620 of the President of the Republic of Uzbekistan on March 23, 2018 “On additional measures to increase the popularity of banking services”, existing problems in the provision of banking services and implementation by banks determined the necessary measures [2]. In particular, the development and promotion of innovative products for non-cash payments, including non-contact and mobile technologies; introduction of non-communication and mobile technologies, first of all, in the spheres of social and household services, transport, trade, catering, especially in the regions; ensuring cooperation with international payment systems, etc.

Now, if you go to any district or village in any region of our republic, you will see that the People’s Bank is gradually installing ATMs in front of the buildings of all neighborhood assemblies in almost all neighborhood assemblies, and providing ATMs to areas without ATMs. -step you can see in progress.

Another such possibility is that pensioners who receive their pension funds in the form of cash are recommended to open personal pension overdraft cards of the People’s Bank and transfer pension funds to these bank cards. This, in a certain sense, eases people’s burden and gives them a number of conveniences.

2. Literature Review

Research works of a number of scientists on the topic were closely familiarized. In them, the opinions of scientists on remote banking services were analyzed. In particular, according to Russian economist V.K. Spilnichenko, “Remote servicing of a bank account is a complex of information services and execution of operations on the client's account based on his instructions without visiting the bank. The remote bank account service system is based on the client’s request to the bank’s database through the telecommunication system” [3].

N.I. Likhodeyeva recognized the remote bank account service system as a technology for providing banking services on the basis of remote orders without visiting the bank using computer technologies [4]. K.A.Zabrodiskaya, A.O.Zakharova “Remote banking services are the activities of creating optimal conditions for the bank's customers by providing remote service to their bank accounts” [5]. Summarizing the above opinions, remote bank account servicing systems can be defined as technologies for providing banking services based on customer orders remotely (without coming to the bank).

The analysis of this problem revealed the lack of comprehensive studies on the issue of capitalization of commercial banks in Uzbekistan. There are no clearly developed and used in practice measures on this topic. The very concept of capitalization is still not associated with the market interpretation of this term in relation to domestic credit institutions. Until now, both in the scientific community and the banking community, capitalization is understood only as an increase in the bank’s own capital. For example, Peter S. Rose notes that “we often use the term capitalization, meaning by this own funds or equity capital of banks and its sufficiency to cover risks” [6].

Economist V.Usoskin paid special attention to improving the quality of loans and cash assets, which are the main types of assets of commercial banks. In order to improve the quality of the loan portfolio, V. Usoskin proposes to improve the system of assessing the creditworthiness of customers, strict adherence to the principle of diversification in the formation of the loan portfolio [7].

However, despite a significant number of studies devoted to theoretical, methodological and applied problems that arise in the process of developing cashless payments, in the context of the introduction of information and innovative technologies in the banking system, in our opinion, the theoretical and methodological support of this process has not been fully formed.

3. Research Methodology

In the implementation of scientific work, in the development of remote services of commercial banks, interviews with scientists and representatives of the field, analysis of their written and oral opinions, expert evaluation, observation of processes, systematic approach to economic events and processes, comparative analysis with the author’s experiences conclusions and recommendations are given in the relevant directions.

4. Analysis and Discussion of Results

In recent years, various innovative banking services have been offered by banks in order to improve the quality of services provided to customers. In particular, the traditional “Bank-client” system, which provides remote banking services, is widespread in our republic and is implemented in all banks. To use this system, a special program is installed on the client's computer and interaction with the bank's information system is ensured through communication channels. However, due to the need to connect to a specific workplace and use specialized programs when using the “Bank-client” system, the possibility of using this system is limited [8].

The online banking (internet banking) system is widely used, which provides operation through the Internet network and a simple browser, that is, a common program that allows the client to access the network.

Internet banking technology creates additional convenience for both the bank and customers. In particular, the client has the opportunity to carry out banking operations on his account from anywhere and at any time via the Internet without going to the bank. can get information about actions. This creates the advantages of saving time and money for the client, freely choosing a bank regardless of the distance and proximity of the address, and quickly managing their funds. Also, in cooperation with commercial banks that are participants of the “Uzcard” interbank payment system, the creation of a national technological platform that works in the “on-line” mode will allow the client to manage his card accounts in real time through Internet banking services, utility and other gives him the opportunity to fulfill his wishes [9].

Table 1. Analytical information about transactions through Instant payment system of Central bank [10]

Years	Number of commercial banks	Transactions during		Including the budget	
		number	*amount*	*number*	*amount*
2023	**31**	2 187 884	44 bill. sum	920 478	2,9 bill. sum
2022	**32**	1 333 266	32 bill. sum	317 504	1,4 bill. sum

It can be seen from the data in the above picture that the number of users of the system has increased significantly in the last three years. If we talk about the evolution of this system, the initiators of remote banking services are the Unified All-Republic Processing Center and the CLICK company.

Table 2. Number of customers applied remote banking systems as of April 1, 2023 [10]

Years	Legal Entities and individual entrepreneurs	Individuals	Total by banks
2023	1 214 790	34 489 525	35 704 315
2022	995 551	20 545 502	21 541 053
2021	844 581	14 796 429	15 641 010
2020	699 901	9 684 076	10 383 977
2019	498 601	8 718 926	9 217 527

From September 1, 2013, the UZCARD-CLICK joint project of the Unified All-Republic Processing Center and the CLICK company was implemented. Within the framework of this project, all UZCARD online plastic card users of any bank in Uzbekistan can connect the UZCARD SMS-notification service to their mobile phone at any bank or infokiosk. Then it is necessary to connect your UZCARD online plastic card to the system by sending a free USSD request from a mobile phone connected to the SMS-notification service. After that, the user can pay from a plastic card via mobile phone. The distinguishing feature of this project is that all payments are made without intermediary fees. Implementation of such modern projects that provide innovative services to users of online plastic cards in many ways, it enables the development of the cashless settlement system in our country.

Table 3. Number of customers applied remote banking systems as of April 1, 2023 (Top 12 banks) [10]

№	Bank's name	Legal Entities and individual entrepreneurs	Individuals	Total by banks
1	National bank	92 128	1 552 356	1 644 484
2	Uzbek Industrial and Construction Bank	65 275	4 927 727	4 993 002
3	Agrobank	189 572	4 894 661	5 084 233
4	Ipoteka-bank	151 940	2 407 289	2 559 229
5	Mikrokreditbank	56 915	924 908	981 823
6	Xalq bank	99 428	4 891 922	4 991 350
7	Garant bank	8 313	101 980	110 293
8	Qishloq qurilish bank	27 907	379 152	407 059
9	Turonbank	42 615	360 534	403 149
10	Hamkorbank	113 042	1 369 719	1 482 761
11	Asaka bank	36 514	976 482	1 012 996
12	Ipak Yuli bank	53 162	1 665 731	1 718 893

Remote banking services are provided in the segment of legal entities and private entities, as well as individuals. TIF National Bank, Agrobank, People's Bank, Ipoteka-bank and Uzbek Industrial and Construction Bank have an incomparable share in the total number of Mazur system users, their combined share is almost 50 percent.

Now let's get acquainted with the systems of remote servicing of bank accounts, remote servicing of accounts - these are the technologies of providing banking services on the basis of remote instructions (without visiting the bank). It is mainly done through computer and telephone networks. There are several types of remote accounts for bank accounts:

Bank-Client is a computer-based system in which a special program is installed on the client's computer. This program stores all customer data on the computer (mainly payment documents and statements from accounts). There is a direct connection between the bank and the client's computer via a modem. ***Internet-banking*** is a system that gives customers the right to manage their deposit accounts, including accounts opened with plastic cards, via the Internet. This type of service is a system designed to make real-time payments when the customer is remotely connected to the bank. The user logs in through a web browser.

Table 4. Information about issued banking cards, POS-terminals, ATM's and Self-Service Kiosks as of Apreily 1, 2023, also transactions carried out through POS-terminals in Yanuary-March of 2020-2023 [10]

Years	Number of bank cards issued into circulation	Number of installed POS-terminals	Number of installed ATMs and Self-Service Kiosks
2023	36 586 822	428 754	20 617
2022	27 839 307	433 986	13 156
2021	22 278 917	440 356	12 289
2020	21 008 149	414 551	10 165

The ***Internet-banking*** system will be hosted on the bank's web server. The user has the opportunity to view all their information (payment documents and statements from accounts) on the bank's website. Through the Internet-banking service, the client can do it at his workplace or in other convenient conditions:

- transfer of payments;
- monitoring of payment stages;
- Provides access to all operations at any time, such as receiving all reports.

Through Internet banking, the client will be able to connect to the bank's website from his workplace, see the money coming to his account, prepare money transfers and transfer them to the bank.

Mobile banking system is based on Internet banking technology.

SMS-banking is a bank deposit for customers is a system for receiving information in the form of SMS about transactions on accounts and accounts opened on plastic cards. To get information from the account, the client must send an SMS-request to a special telephone number of the bank.

SMS-banking service for the client allows you to perform the following actions:

- funds received on the account;
- expenses from the account;
- account balance;
- will be able to receive operational information on banking operations conducted during the day.

In general, in essence, the difference between traditional and remote banking service schemes of bank and customer communication is not very big.

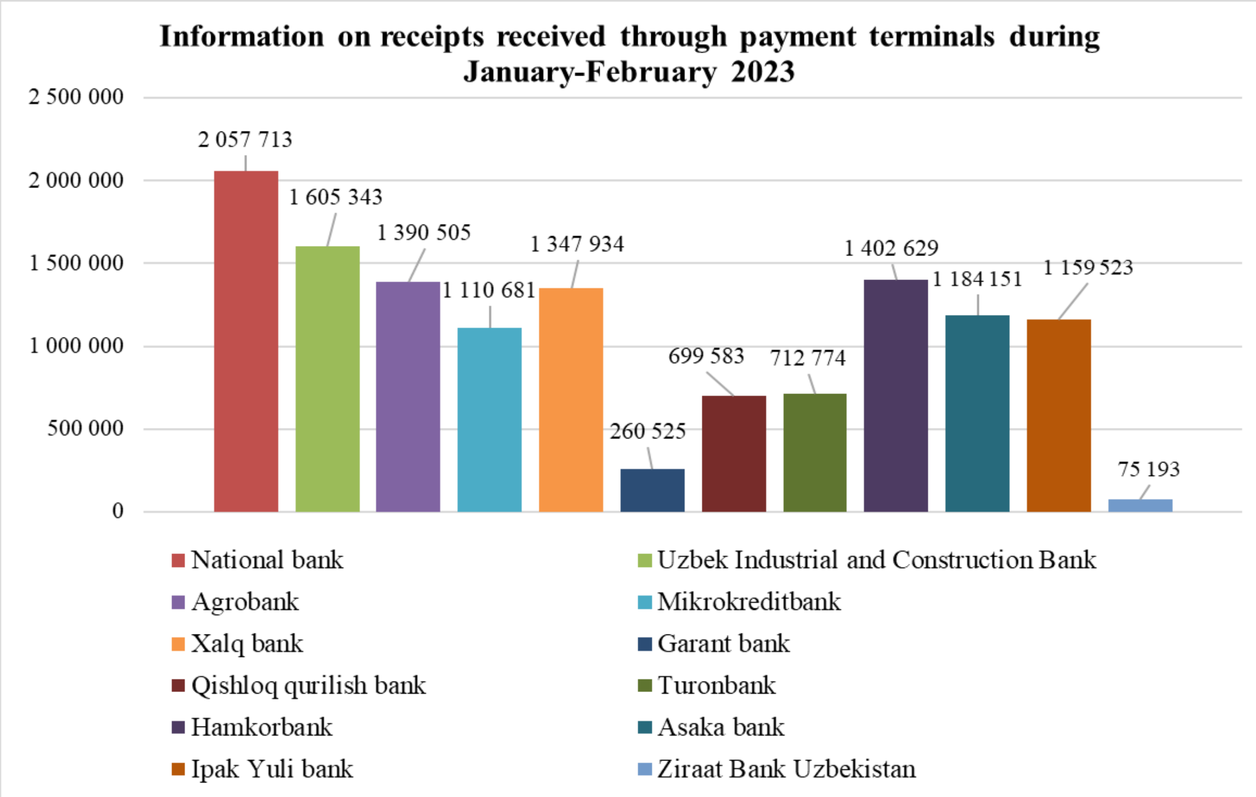

Figure 1. Information about issued banking cards, POS-terminals, ATM's and Self-Service Kiosks as of March 1, 2023, also transactions carried out through POS-terminals in Yanuary-February of 2023 (Top 12 banks) [10]

Both banking services and accounts have remained "in place", only the type of communication that "connects" the bank employee and customers has changed. That is, transactions that can only be performed in a bank office, now can also be done remotely. The client can "rest on his feet" and not have to waste precious working time on the way to the bank building, claiming that he will perform a minute operation [11].

Types of remote banking services, such as customer banking, internet, telephone or mobile banking, despite their differences, have the following common advantages over traditional methods of customer service:

- Improving the quality of service, the time limit will be removed through the remote banking service, ie the customer will be able to manage their account seven days a week, twenty-four hours a day;
- In addition to time constraints, the customer's geographical location is also ignored.

5. Conclusions and Suggestions

As a result of the analysis of the prospects for the development of remote banking services in Uzbekistan, the following proposals and recommendations were developed:

1. Each commercial bank should develop its own strategic program for the development of remote banking services in commercial banks, the development of a remote customer service system. In this program, it will be necessary to develop a road map for the step-by-step transfer of all types of services to remote and online mode. In this road map, it is necessary to mention the source of financing of the

tasks, the implementation period, the department responsible for implementation, and the project launch period.

2. Currently, the types of services provided remotely by commercial banks include utility and other payments, card-to-card money transfers, online conversion, online deposit services, as well as retail lending services in some banks. and their type at the next stage increase is desirable. In particular, these include sending and receiving funds abroad through integration into international money transfers, including the service of virtual emission of plastic cards.

3. It is natural that the development of remote banking services creates the need to identify customers. Taking this into account, it would be appropriate to create opportunities for integration of all mobile banking services from the database of the Ministry of Internal Affairs in the event of the need to identify an employee when providing customer service.

4. Developed countries have many years of experience in introducing, developing and improving the system of cashless payments based on innovation and digital technology. In addition, an analysis of the best practices of developed countries shows that the system of cashless payments has been improved under the influence of innovative ideas and technologies [12].

5. In today's world, leading banks strive to endlessly improve the quality of banking services offered while reducing the cost of their maintenance. The range of banking and financial services is expanding every year, new types of products and services are constantly appearing on the market. This factor serves to intensify competition between banks for each client. Therefore, each bank builds its relationship with the client, based on the principles of partnership.

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