HSR (LONDON),
HOUGHTON STREET REVIEW JOURNAL
ISSN: 2058-5519|Impact factor-15.9
http://houghtonstreetreview.com/index.php/hsr

ADVANTAGES AND PROBLEMS OF DIGITAL BANKING SERVICES: PROSPECTS FOR MODERNIZATION OF THE BANKING SYSTEM IN UZBEKISTAN

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ABSTRACT:This article analyzes the economic content of digital banking services, their advantages and existing problems. It also covers the processes of digital transformation being implemented in the banking system of Uzbekistan, the application of modern financial technologies and the prospects for modernization of the banking system. According to the results of the study, it was found that digital technologies, along with improving the quality and efficiency of banking services, also create a number of problems related to cybersecurity, information protection and digital literacy.

KEYWORDS:Digital banking, banking services, modernization, fintech, mobile banking, internet banking, electronic payments, cybersecurity, banking innovations, digital economy.

INTRODUCTION

The processes of digital transformation taking place in the global economy are having a significant impact on the development of the financial and banking system. In recent years, the forms of providing banking services have changed radically, and traditional methods of providing services are being replaced by services based on digital technologies. This process serves to increase the efficiency of banks, improve the quality of services provided to customers, and expand the possibilities of using financial services.

In the Republic of Uzbekistan, modernization of the banking system and development of the digital economy have been identified as one of the priority areas of state policy. As a result, most banking services have been transferred to electronic form, and mobile applications, internet banking systems, and remote service platforms are being widely introduced.

1. ECONOMIC CONTENT AND ESSENCE OF DIGITAL BANKING SERVICES

Digital banking services are understood as a set of services that allow banking operations to be carried out remotely using modern information and communication technologies. Such services simplify relations between the bank and the client and reduce service costs.

Digital banking services include the following areas:

Mobile banking;
Internet banking;
Electronic payment systems;
Payments via QR code;
Remote identification;
Online lending;
Electronic wallets;
Artificial intelligence-based services.

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As a result of digitalization, banks are able to provide customers with fast, convenient and secure services.

2. ADVANTAGES OF DIGITAL BANKING SERVICES

2.1 Speed of services

One of the most important advantages of digital banking services is the ability to perform transactions in a short time. Customers can make money transfers, utility payments and other financial transactions without visiting a bank branch.

2.2 Saving time and costs

Remote services reduce additional costs for the bank and the customer. Reducing the number of branches and automating operations significantly reduces banks' operating costs.

2.3 Expanding access to financial services

Digital banking services allow covering the population living in geographically remote areas with financial services.

2.4 Increased transparency

Transactions carried out through electronic systems are automatically recorded. This serves to strengthen financial control and monitoring.

2.5 Customer-oriented services

With the help of Big Data and artificial intelligence technologies, banks can analyze the needs of customers and offer them individual services and products.

3. PROCESSES OF DEVELOPMENT OF DIGITAL BANKING SERVICES IN UZBEKISTAN

A number of reforms to modernize the banking sector are being implemented in the Republic of Uzbekistan. In recent years, the number of users of mobile banking services has increased significantly.

The following services have been introduced by banks:

Online account opening;

Obtaining loans at a distance;

Payments through mobile applications;

Electronic identification systems;

QR-payment technologies.

In addition, banks are expanding cooperation with fintech companies and developing innovative financial products.

4. PROBLEMS OF DIGITAL BANKING SERVICES

4.1 Cybersecurity Risks

With the acceleration of the digitization process, the risk of cybercrime is also increasing. Hacking attacks, phishing and cases of illegal acquisition of data are serious problems for banks.

4.2 Information Security Issues

Protection of personal and financial information of clients is one of the main tasks facing banks. A database breach can lead to huge financial losses.

4.3 Low level of digital literacy

Certain segments of the population, especially older citizens, face difficulties in using modern technologies.

4.4 Insufficient technological infrastructure

The quality of the Internet and the limitation of technical means prevent the widespread introduction of digital services in some regions.

4.5 The need to improve the legal and regulatory framework

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The development of digital banking services creates new legal relationships. Therefore, it is necessary to constantly improve the legal base.

5. MAIN DIRECTIONS OF MODERNIZATION OF THE BANKING SYSTEM

It is desirable to develop the banking system in accordance with modern requirements in the following directions:

Introduction of artificial intelligence technologies

Artificial intelligence plays an important role in assessing credit risks, detecting fraud and improving the quality of customer service.

Using blockchain technology

Blockchain allows to ensure transparency and security of financial transactions.

Development of Open Banking system

The open banking system will strengthen cooperation between banks and fintech companies.

Strengthening cyber security

Banks should increase investments in modern protection tools and security systems.

Increase the capacity of personnel

Training of specialists in working with digital technologies is one of the important factors of the modernization process.

6. PROSPECTS FOR THE DEVELOPMENT OF THE DIGITAL BANKING SYSTEM IN UZBEKISTAN

The following trends are expected to be observed in the banking system of Uzbekistan in the future:

An increase in the number of branchless banks;

Expansion of fully online lending systems;

Popularization of biometric identification;

Development of banking services based on artificial intelligence;

Formation of Fintech ecosystem;

An increase in the share of cashless settlements.

These processes serve to develop the digital economy and ensure financial inclusion in the country.

CONCLUSION

Digital banking services are becoming an integral part of the modern financial system. Their introduction serves to increase the speed, convenience and efficiency of banking services. At the same time, there are also issues related to cyber security, information protection and digital literacy.

Wide introduction of innovative technologies, development of modern infrastructure and improvement of the legal framework are of great importance in the process of modernization of the banking system of Uzbekistan. The development of digital banking services serves to increase the competitiveness of the country's economy and expand the possibilities of using financial services.

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