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ANALYSIS OF DIGITAL BANKING SERVICES IN UZBEKISTAN AND WAYS OF ITS DEVELOPMENT

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ABSTRACT

This article describes the process of providing digital banking services in Uzbekistan through banking platforms and develops its mechanism. The trends of interbank payment system transactions and the dynamics of global online commerce are also studied. A comparative analysis of the services provided by mobile applications of banks and payment providers was conducted. In addition, a mechanism for further development of banking services provided through digital banking platforms has been proposed.

KEYWORDS: Banking, Digital Ban Services, Banking Platform, Transaction, IT-Technologies, Payment System, Payment Providers, Mobile Banking, Internet Banking.

INTRODUCTION

In the context of globalization and cross-sectoral integration, new modern innovative forms of services and digital platforms are expanding. With their help, the representatives of the service sector have the opportunity to bring their services to the world stage, to increase the number of customers indefinitely. In particular, the role of innovative digital platforms in socio-economic processes and relationships is growing. Including, Google, Yandex, Amazon, Gov.uz, Olx and including other platforms.

All this is achieved through the achievements of modern information technology (IT) and their scientific and technological progress in the field of software.

In today's era of development, the role of digital banking services in the online communication of the population is also growing. This is because the population uses digital banking services directly to meet their daily needs (payments for goods and services, utility bills, other payments,

international and local money transfers, currency exchange, keeping money in bank accounts or using bank loans, etc.). This can be clearly seen in the example of digital banking platforms, which are organized on the basis of today's traditional banking systems and are constantly evolving.

Mobile banking applications are the most popular and successful system in the use of digital banking platform. The main reason for this is that a single mobile phone (tablet) is enough to use Mobile banking applications. The mobile phone (tablet) is the most common IT device today and it is convenient and inexpensive to connect it to the Internet.

ANALYSIS AND MAIN RESULTS

Integration of electronic payments, bank cards, credit cards, electronic money transfers, online loans, online deposits, Internet banking services, electronic payment providers and other related tools in the provision of services through digital banking platforms and the mechanism of this process is as follows (Figure 1).

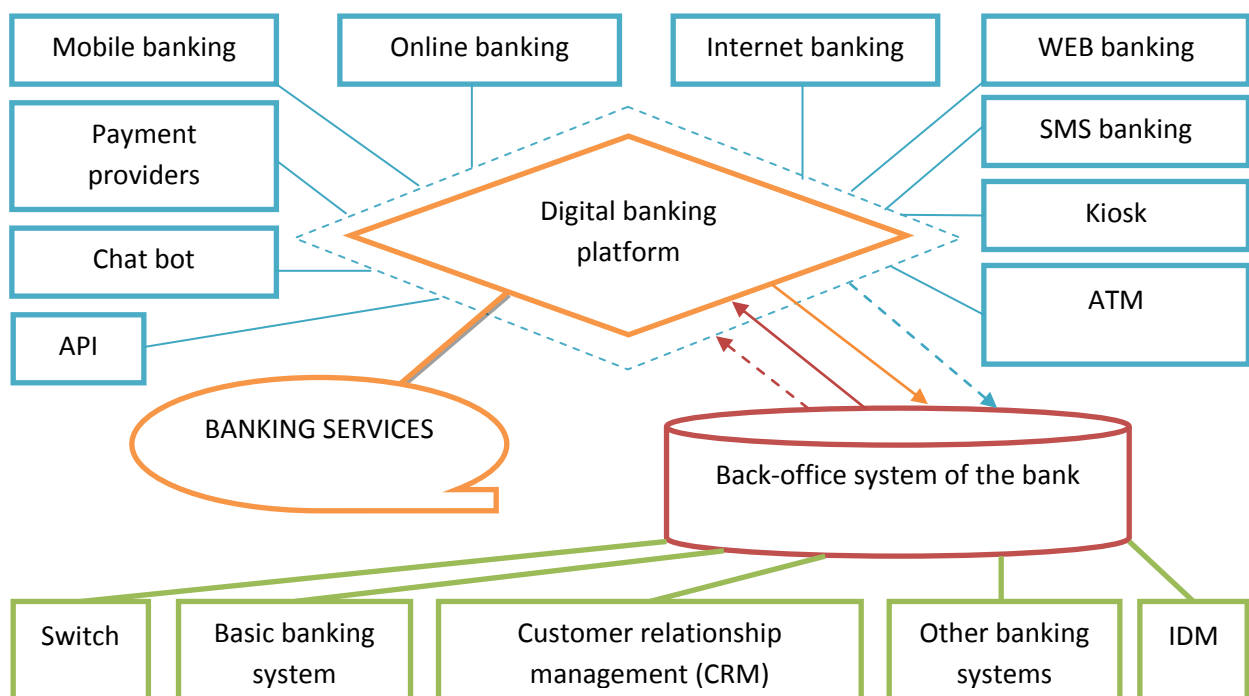


Figure 1. Mechanism of digital banking services.

Source: Author development.

At present, various payment providers are operating as a rapidly growing electronic system, competing with mobile banking applications in the field of electronic payments and other digital banking services.

However, it is more difficult and time consuming for users of mobile banking apps than both payment provider apps to learn how to use cross-border payment tools and set up processes to make optimal use of them.

It should be noted that one of the tasks of the Central Bank of the Republic of Uzbekistan in ensuring the stability of the payment system is to create a convenient, reliable and secure infrastructure of payment services that meet international standards.

As of June 1, 2020, there are 5 payment systems in the Republic of Uzbekistan, 3 of which are payment systems of the Central Bank (Interbank payment system, clearing system and express payment system) and the remaining 2 UZCARD ("Single Republican Processing Center" LLC) and HUMO (National Interbank Processing Center LLC) payment systems) are business entities licensed by the Central Bank in the prescribed manner.

Also, as of July 1, 2020, the Central Bank issued licenses to 27 legal entities to carry out the activities of payment organizations: Slick LLC, Brio Group LLC, Inspired LLC, National Innovative Payment Technologies. LLC, "Paybox" LLC, "Maroqand" LLC, "Milliy pochta paylari" LLC, "International Eco Pay" LLC, "Payment Aggregation Systems" LLC, "Alif Tech" LLC HK, "Wooppay uz" LLC, "Genesis Innovation "LLC," Plum technologies "LLC," Global solutions "LLC," Automated transport payment system operator "LLC," Mayasoft "LLC," E-services house "LLC," Yurt Pay "LLC," Tea House " LLC, "Zplat" LLC, "Center for digital technology and innovation" LLC, "Tezpay" LLC, "Payload" LLC JV, "Interpay Sys" LLC, "Panda internet technology" LLC JV, "Multicard payment" LLC and "PAY -WAY "LLC.

In addition, there are systems that have an "electronic wallet" service and are registered with the central bank as an electronic money system. Including, "BRIO GROUP" LLC, "INSPIRED" LLC, "CLICK" LLC, "WOOPPAY UZ" LLC and "ALIF TECH" LLC (Table 1).

TABLE 1ELECTRONIC MONEY SYSTEM REGISTRY [1]

No	The name of the electronic money system	Operator name	Issuer name	Date of commencement of activities for the issuance of electronic money
1	OSON	"BRIO GROUP" LLC	"Turkiston" XATB	16.06.2020 й.
2	E-CARD	"INSPIRED" LLC	"Universal" ATB	21.08.2020 й.
3	CLICK	"CLICK" LLC	"Agrobank" ATB	21.08.2020 й.
4	WOOPPAY	"WOOPPAY UZ" LLC	"Kapitalbank" ATB	02.11.2020 й.
5	alif.mobi	"ALIF TECH" LLC	"Aloqabank" ATB	02.11.2020 й.

The interbank payment system of the Central Bank, as the most important electronic payment system in the country, is the basis for the functioning of all payment systems.

In order to make interbank payments to the Interbank Payment System of the Central Bank, all 31 commercial banks in the country are connected as participants in the payment system.

According to the analysis, in January-May 2020, the number of transactions made through the interbank payment system decreased by 16% compared to the same period last year, and the amount of transactions increased by 38%.

According to the analysis of this process by commercial banks, a total of 31 commercial banks in July this year received more than 1.1 million payments, of which 28709.39 billion soums. soums.

According to the analysis, in July alone, the National Bank made the largest number of payment transactions - 119844 payments (5426.11 billion soums), Uzpromstroybank - 120606 (5807.94 billion soums), Microcredit Bank - 86149. (796.49 billion soums), People's Bank 128540 (1324.86 billion soums), Qishloq Qurilish Bank 111090 (1085.93 billion soums) and Hamkor Bank 111863 (2314.89 billion soums) payment operations. performed.

These are payments made only through bank tellers, mobile banking applications and online banking platforms. In addition, many individuals also make payments through payment providers such as "Payme", "Click", "Click Evolution", "Oson" and "Woy-wo"

This shows that today the population's need for payment services is growing day by day.

Payment systems are one of the most important sectors of the economy. Because the country's economy cannot be imagined without payment systems based on modern technologies. Payment systems are an area where money is available. Payment systems are the basis for the stability of public finances, reduce operating costs in the economy, increase the efficient use of financial and other resources, increase the liquidity of financial markets and contribute to the conduct of monetary policy. For this reason, it is important to study the development of payment systems.

A payment instrument is any payment instrument that allows a user to transfer funds. In other words, a payment instrument can be called a means of payment. A bank card or other electronic object that contains information and allows the payer to make a payment, as well as perform other operations provided for in the contract between the payer and the issuer of electronic payment instruments [2].

Currently, the most common payment instruments are studied in five categories: digital payments, payments by bank payment cards, cashback; payments through mobile apps, fintex startups [3].

In the context of the digital economy, in order to make it easier for the population to provide payment services, "e-wallets" have been created on various Internet platforms. In particular, the general view of regional and global e-wallets covers the MENA system in India, China and Latin America, including Google Pay, Apple Pay, Yandex. company information. Also Money, Fitbit, Samsung Pay, Alipay.

According to the data, in 2019, 2.1 billion consumers worldwide used their mobile wallets to pay or send money. As it turns out, mobile wallets are handy[4].

With the expansion of online commerce and cross-sectoral integration processes, there is a growing demand for remote, real-time implementation. In particular, the volume of e-commerce in 2020 will reach 5855 billion. USD, the volume of mobile retail sales amounted to 1120 bln. USD and digital goods 139 bln. USD (Figure 3).

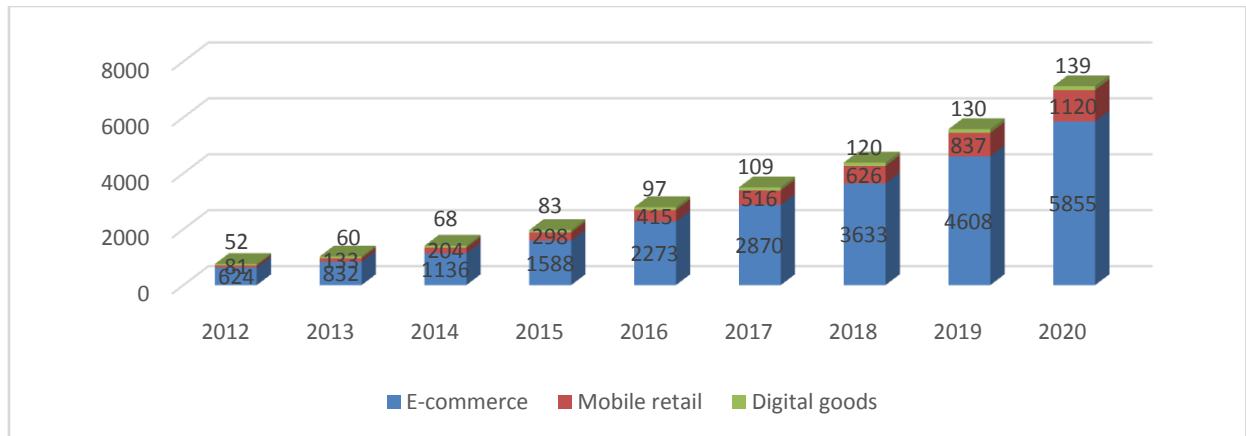


Figure 3. Global online commerce dynamics (billion USD) [8]

According to the analysis, in 2020, e-commerce increased by 2.6 times compared to 2016, 9.4 times compared to 2012, mobile retail sales increased by 2.7 times compared to 2016, 13.8 times compared to 2012, and digital goods increased compared to 2016. 1.4 times, an increase of 2.7 times compared to 2012.

Digital goods are an important element of the e-commerce market, including any non-physical goods and services purchased online. The first digital goods were digital forms of the usual physical goods, including music (from vinyl discs to MP3 files), movies (from celluloid reels to digital), software (from punch cards or wired boards to CDs), and books (from print to e-books) [5].

The technology and technical means used in the field of payments today are constantly evolving and expanding. These include devices that make payments based on NFC (contactless) and QR-code (Quick Response Code).

It should be noted that NFC is one of the brightest and most promising technological developments in the latest IT market [6].

In accordance with the "Concept for the development of digital banking in the Republic of Uzbekistan", the Central Bank launched a standardized and universal system of rapid payments QR-online (QR-online) in March this year.

Within the framework of this system, trade and service outlets (business entities) generate and register QR-codes through commercial banks serving them. Payments are made by buyers by scanning ("reading") QR-codes of sales and service outlets through mobile applications of banks.

At present, as part of the implementation of this system in Tashkent, commercial banks have provided sales and service outlets of more than 3,400 businesses with stickers of the QR-online system.

At the same time, the QR-online system allows you to quickly make payments from bank cards and electronic wallets of payment systems available in the mobile applications of all commercial banks and several payment organizations.

It should be noted that the QR-online stickers issued to businesses, in addition to the existing POS-terminals, allow you to make quick purchases and provide quality customer service. For

example, organizations operating in the field of delivery of products to the customer, passenger transport, will be able to quickly receive payments from customers via QR-code without the use of payment terminals.

The full launch of the QR-online system in the payment services market will serve to improve the quality of services provided, further expand the scope of cashless payments, as well as ensure the stability of the payment system, which is one of the main strategic goals of the Central Bank.

The results of the analysis of the content of mobile applications of banks and payment providers show that in the "transfers" section of the application there is an opportunity to make various bank card and e-wallet money transfers. However, payment providers have the advantage of having a "scan" or "NFC" function when entering a card number, as well as almost 2-3 times more options in the "payments" section, and a wider range of risk management capabilities in the "security" section.

The advantages of banking applications include electronic deposit, electronic credit, virtual card, electronic conversion, exchange rate data and some other banking products and services.

In general, the results of a comparative analysis of the services provided by banks and payment providers on mobile applications can be seen in the following table (Table 2).

TABLE 2 THE RESULTS OF A COMPARATIVE ANALYSIS OF THE SERVICES PROVIDED BY MOBILE APPLICATIONS OF BANKS AND PAYMENT PROVIDERS

No	Types of services	O`zmilliybank	Hfvkorbank	TBC bank	Anor bank	Tinkoft	Sberbank	Nubank	Revolut bank	PAYPAL payment	“Payme” payment
1	Interbank card money transfers	+	+	+	+	+	+	+	+	+	+
2	Payments (by routes)	+	+	+	+	+	+	+	+	+	+
3	History of income and expenditure operations	+	+	+	+	+	+	+	+	+	+
4	Order a card online	+	+	+	+	+	+	+	+	-	-
5	Electronic wallet	-	-	-	-	-	-	-	-	+	+
6	Online deposit	+	+	+	+	+	+	+	+	-	-
7	Online credit, microloan	+	+	+	+	+	+	+	+	-	-
8	Online overdraft	-*	-*	-*	-*	+	+	+	+	-	-
9	Repayment of online loans	+	+	+	+	+	+	+	+	+	+
10	Online conversion	+	+	+	+	+	+	+	+	-	-
11	International money transfers	+	+	+	+	+	+	+	+	+	+
12	QR payment or NFC	+	+	+	+	+	+	+	+	+	+
13	Reliable device	-	-	-	-	+	+	+	+	-	+
14	Password (PIN, fingerprint scanner, face scanner)	+	+	+	+	+	+	+	+	+	+

Source: Developed by the Author. **Note:** * this service is suspended.

Today, there is no industry that has not entered the digital transformation. Digitalization has accelerated, especially in the context of the COVID-19 pandemic. Due to quarantine restrictions, network and industry enterprises were forced to switch to digitization of their resources. As a result, in the new digital world, amazing and unique experiences of successful service have been formed and are evolving.

According to Efma and Infosys Finacle's Retail Banking Innovations report, 75 percent of financial institutions have identified digital banking transformation as a priority for 2021, with a particular focus on improving the customer experience [9].

However, while there is an understanding of the importance of digital transformation, most financial institutions consider their actions to be insufficient. According to a survey conducted by Efma and Infosys Finacle, only 7% of participating banks have shown that digital change initiatives are achieving the expected results.

CONCLUSIONS AND SUGGESTIONS

It should be noted that in the process of digital transformation, when the main focus is on the product, what management technology should be used is becoming a major problem for many bank managers.

The ever-evolving digital landscape, modern competition, and customer expectations have become the general rule for adaptation in almost all industries, including banking and financial institutions. That is why many banks need to monitor and adapt their customer experience.

It is important to analyze, study, and develop a development strategy based on customer experience and customer needs over time. Because today, the bank and its customers communicate through several electronic channels and platforms. Therefore, the customer experience is more social in nature [7].

As a solution to this problem and in the further development of digital banking services, it is advisable to use the following mechanism (Figure 4).

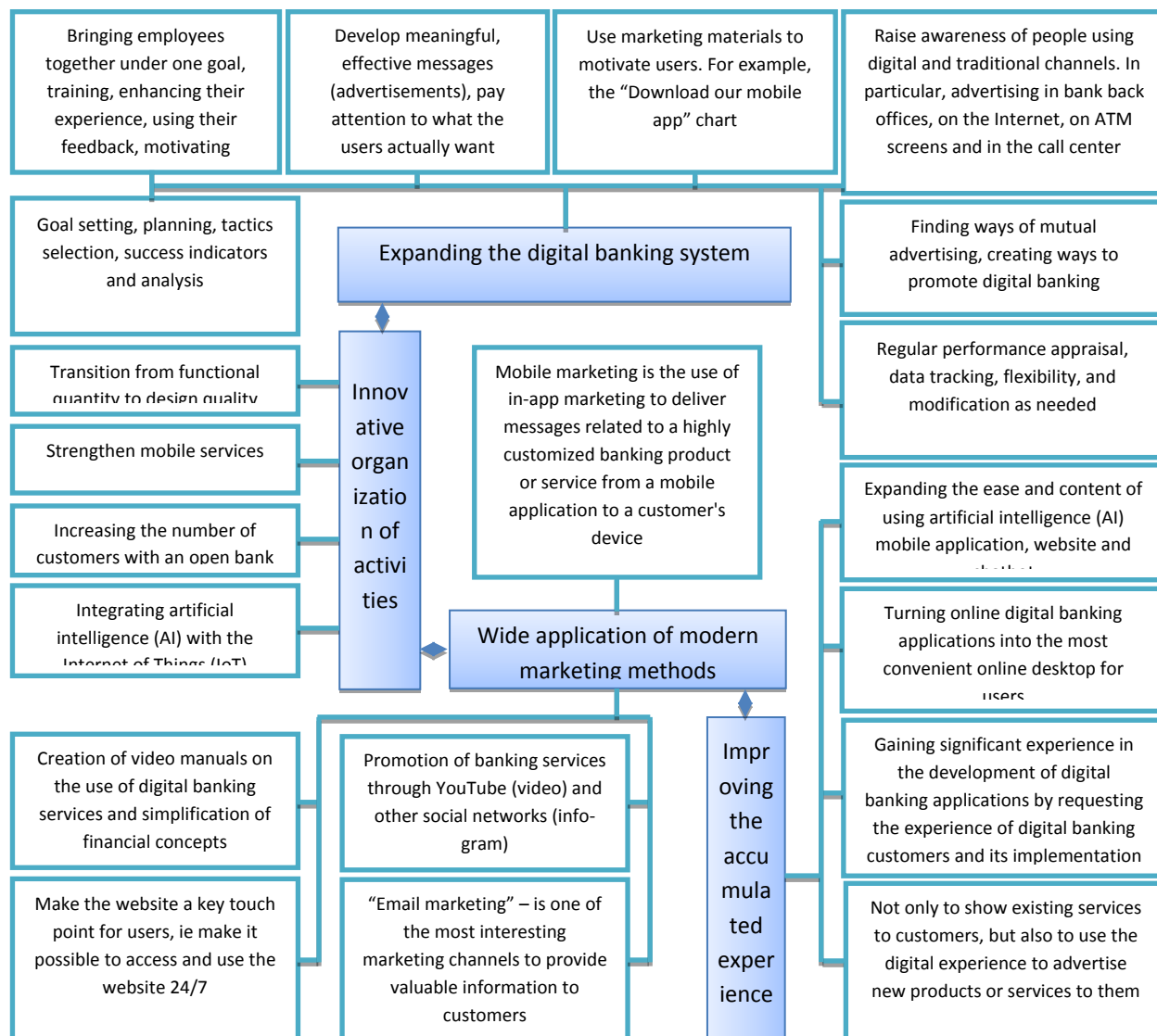


Figure 4. Mechanism for further development of banking services provided through digital banking platforms.

Source: Author development.

Customer experience in the banking sector is an important aspect of any strategic approach to meeting customer requirements. Banks and financial institutions, whether online or retail, need to be digitally transformed to provide a consistent banking experience.

The world's leading digital banking experience shows that in the sustainable development of the digital banking market, banks should not only expand the range of their customers, but also maintain the loyalty of their customers while sharing their experience. This will require easy access to banking services provided by users through digital banking platforms, real-time performance, individual services, data security and other conveniences and benefits.

Many banks offer a digital banking experience, but it is important for customers to have a digital banking strategy that guides the process of creating the best online banking services. Customers are not happy with being “good enough” in a world of so many options. Here’s how to improve online banking services and improve the digital banking experience in general.

While there are many ways for banks today to improve their customers’ digital and online experiences, there are a number of ways that these have been gaining popularity and continue to gain popularity in recent times. In particular, it helps to convince customers that their data is secure and that their experience is always of the highest quality, an institution that cares about every customer.

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