



DIGITAL TECHNOLOGIES IN COMMERCIAL BANKS

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ANNOTATION

In the scientific article, the digital technologies of the banking and financial sector of the republic is recognized as a base network for digitization in all sectors of the national economy. Particularly, in modern conditions, the coverage of commercial banks of the country with digital technologies is one of the main directions in the development of the country's economy. In our country, as in other countries, it is considered as an effective means of expanding the popularity of banking services through the rapid introduction of digital technologies. Coverage of a wide range of the population in remote areas of the country with digital banking services through the development of remote banking services is an urgent issue. It is necessary to systematically expand digital banking services in commercial banks with new financial technologies, including further improvement of banking business processes on the basis of digital technologies, formation of infrastructure for rapid introduction of digital innovations, development of necessary knowledge and skills of bank staff to implement digitalization strategy plays an important role in providing. In the scientific article, the digital transformation of the banking and financial sector of the republic is recognized as a base network for digitization in all sectors of the national economy. In particular, in modern conditions, the coverage of commercial banks of the country with digital technologies is one of the main directions in the development of the country's economy. In our country, as in other countries, it is considered as an effective means of expanding the popularity of banking services through the rapid introduction of digital technologies. Coverage of a wide range of the population in remote areas of the country with digital banking services through the development of remote banking services is an urgent issue. It is necessary to systematically expand digital banking services in commercial banks with new financial technologies, including further improvement of banking business processes on the basis of digital technologies, formation of infrastructure for rapid introduction of digital innovations, development of necessary knowledge and skills of bank staff to implement digitalization strategy is plays an important role in providing.

KEYWORDS AND PHRASES: *commercial banking, digital transformation, information technology, digital economy, digital technology, financial technology, business processes.*

INTRODUCTION

Today, digital technologies are rapidly gaining ground in all areas of the banking and financial sector. As one of the modern trends in the development of the banking and financial sector, the process of digitalization is becoming an indicator that determines the boundaries of the national economy. In the framework of the implementation of the Resolution of the President of the Republic of Uzbekistan dated October 5, 2020 No. PF-6079 "On approval of the Strategy" Digital Uzbekistan - 2030 "and measures for its effective implementation" It is planned to complete the "digital transformation of commercial banks by providing a wide range of online services, including the sale of remote credit products, opening deposits and accounts" in banks [1].

The banking sector has a special role to play in the gradual implementation of this strategy over the years, and commercial banks should offer digital services that represent new innovative solutions in providing their services to customers. Today, the digital transformation of the banking and financial sector of the country is recognized as a backbone for

digitalization in all sectors of the national economy. Naturally, in modern conditions, the coverage of commercial banks of the republic with digital technologies is one of the main directions in the development of the country's economy. It should be noted that the concept of digital banking is becoming increasingly important in the bank's relations with customers.

REVIEW OF THE LITERATURE ON THE SUBJECT

It is natural that the introduction of innovations in banking practice will lead to drastic changes in the financial and credit sector, as innovation implies, first of all, the introduction of innovative products, services and digital technologies by commercial banks.

At the same time, the introduction of digital banking ecosystems has become possible in the context of sufficiently developed IT systems that allow to collect and process much information about users online and offline, to establish effective communication



through any available channels. and providing many services remotely[2].

Traditional internal tools for product creation do not provide the required speed and quality, so financial and technology companies are actively involved. This is unusual for the conservative banking sector and requires a change in the method of evaluating the institution of partnership [3].

The concept of the ecosystem in the business creates a number of conveniences for the customer, the addition of several services associated with a common value in a single user interface [4].

From this point of view, remote banking services are the services provided by banks to customers, not face to face with customers in the bank, but using the capabilities of modern banking technologies remotely[5].

In order to further improve the banking business in modern conditions, it is noted that the widespread use of "artificial intelligence" and digital technologies to improve the customer service of small and large financial technology companies is key[6].

The results show that motivation in digital technologies is directly influenced by the use of web applications and software used in the digitization process[7].

The activation of the Internet has led to increased competition from traditional existing manufacturers with online platforms of digital participants. However, it is unknown how these two types of competitors, but interdependent, exist in a new platform-based ecosystem. Our analysis reveals a process characterized by three sequential stages: (1) selective cooperation, (2) allied competition, and (3) coefficient selection. These steps show how switching between different multi-stage strategies covering market segments, products, and technological components is a suitable solution for existing manufacturers to adapt to applicant platforms [8].

RESEARCH METHODOLOGY

As a result of the research, the development of new technologies in the field of banking services, approaches to the management of digital transformation processes in commercial banks, scientific conclusions and proposals for the formation of business processes in banks have been developed. Methods such as abstract thinking, systematic approach, complex assessment were used in the research.

ANALYSIS AND RESULTS

The challenges of the global pandemic that occurred in 2020-2021 have led to a number of changes in the business processes of our commercial banks. Tasks related to the provision of remote banking services with the widespread use of digital technologies have come to the fore. Furthermore, under the influence of digital technologies, new areas are emerging - information technology-based solutions are becoming

an important part of banking. On the agenda, more and more, as a result of data analysis and the growing need for their own lightweight and flexible systems, digital technologies based on artificial intelligence are entering the activities of commercial banks.

Digital technologies are also expected to cause some problems for commercial banks. In October 2021, Wells Fargo analysts predict that the technology could squeeze out more than 100,000 jobs in banks by 2026. The Bank has released a 110-page report detailing the potential impact of digitalization on Wall Street and its employees[9].

The level of digitalization in the commercial banks of the country is also growing rapidly. All major commercial banks of the country are undergoing digital transformation. In recent years, a number of measures have been taken to introduce digital technologies in banking services in commercial banks.

In our country, as in other countries, it is an effective means of expanding the popularity of banking services through the rapid introduction of digital technologies. Through the development of remote banking services, it is planned to cover a wide range of the population in remote areas of the country with digital banking services.

Before moving on to the development of remote banking services, it should be noted that in February 2020, the Law of the Republic of Uzbekistan "On Payments and Payment Systems" came into force. This document defines the procedure for monitoring and control of payment systems, licensing of payment system operators and payment organizations, requirements for information security and protection in payment systems, regulation of electronic money market and identification of electronic money holders [10].

However, changes in the world, the process of globalization, the overdevelopment of competitiveness make it necessary for our banks to take banking services to a new level [11]. However, from the first projects on digitization of banks in Uzbekistan, it is clear that this process is difficult and slow, it will take some time. Due to the lack of ready-made solutions adapted to the conditions of Uzbekistan, foreign integrators will have to spend a lot of time to adapt and integrate their developments into the bank's IT infrastructure. One of the challenges for foreign integrators is the complexity of the information technology infrastructure of Uzbek commercial banks, which are integrated with more than 60 external information systems on average[12].

Some complications of digital transformation in commercial banks The banking system of the Republic of Uzbekistan is characterized by a high concentration: 84% of all bank assets still belong to state-owned banks, and 64% to 5 major banks (National Bank, Asaka Bank, Uzpromstroybank, Ipoteka Bank and Agro bank). The share of state deposits in loans of existing banks is 32.9%. For



comparison, in private banks this figure is about 96 percent [13].

Table 1.
Number of users of remote banking services [14]. As of January-October 2021

№	Bank	Legal entities and individual entrepreneurs			Individuals		
		01.01.21	01.11.21	difference	01.01.21	01.11.21	difference
1.	National Bank	61633	72233	10600	1191694	1301073	109379
2.	Industrial and Construction Bank of Uzbekistan	39891	45796	5905	1667420	2305903	638483
3.	Agrobank	110104	167011	56907	2355155	2875970	520815
4.	Ipoteka-bank	117298	128032	10734	1300787	1687232	386445
5.	Microcreditbank	54221	57487	3266	682778	747736	64958
6.	People's Bank	95347	50113	-45234	2148750	2765251	616501
7.	Merchant bank	12331	8624	-3707	67635	76521	8886
8.	Rural construction bank	20874	23885	3011	283360	339431	56071
9.	Turonbank	21928	27467	5539	194298	226966	32668
10.	Hamkorbank	81270	91741	10471	918703	1149571	230868
11.	Asaka bank	28786	31253	2467	739200	893670	154470
12.	Silk Road Bank	24789	35255	10466	570568	903630	333062
13.	Ziraat bank Uzbekistan	1674	2214	540	17594	28762	11168
14.	Trustbank	25625	31452	5827	115976	155442	39466
15.	Aloqabank	16687	22393	5706	375174	520835	145661
16.	KDB Bank Uzbekistan	741	817	76	28724	33821	5097
17.	Turkistonbank	3467	3898	431	10047	14367	4320
18.	Soderot bank Tashkent	160	208	48	1261	1568	307
19.	Universal bank	5613	7540	1927	73303	92339	19036
20.	Kapitalbank	25872	33047	7175	200404	263332	62928
21.	Ravnaqbank	1938	2158	220	21923	43635	21712
22.	Davrbank	19661	22429	2768	60492	84536	24044
23.	Invest Finance bank	20177	23015	2838	285243	343850	58607
24.	Asia Alliance bank	11991	13699	1708	174339	233635	59296
25.	Hi-Tech bank	1547	1616	69	21012	22019	1007
26.	Orient Finans bank	17145	22397	5252	230577	328873	98296
27.	Madad Invest bank	724	845	121	2209	2464	255
28.	Uzagroexportbank	110	76	-34	1225	1255	30
29.	Poytakht bank	693	881	188	3736	4572	836
30.	Tenge bank	221	575	354	1830	5365	3535
31.	TBC bank	0	0	0	3159	176459	173300
32.	ANOR bank	0	3966	3966	0	146929	146929
Total		822518	932123	10926	13748576	17777012	4028436



The Central Bank of the Republic of Uzbekistan regularly provides statistics on the number of users of remote banking services in January-October this year. According to the analysis, the total number of legal entities and individual entrepreneurs receiving remote services in commercial banks for 10 months of this year increased by 10,926 and the number of individuals receiving remote services amounted to 4.0 million. The total number of individuals classified as remote service reached 17.7 million.

The largest increase in the number of legal entities and individual entrepreneurs connected to the service "Bank-client" ("Mobile banking") was observed in Ipoteka Bank (10734), Ipak Yuli Bank (10466) and Hamkorbank (10471).

The number of individuals receiving remote services in banks has increased significantly over the past 10 months, reaching a total of 17,777,012. In addition, the number of customers of TBC Bank and ANOR Bank, which have recently entered the banking system of the country and are recognized as digital banks, has exceeded 300,000 in a short period of time.

These statistics show that competition in the banking system of the country is growing and the activity of commercial banks is growing.

Especially, based on the research of the Center for Economic Research and Reforms, the "Bank Activity Index" was presented to regularly assess the share of private banks in the assets of commercial banks, as well as the effectiveness of reforms and transformation in the banking sector.

This study is conducted to monitor changes in the share of the private sector in the assets of the banking system, as well as to assess the effectiveness of reforms and transformation processes in the banking system of the country.

According to the Strategy of Banking Reform of the Republic of Uzbekistan for 2020-2025, it is planned to gradually privatize the state share in Ipoteka Bank, Uzpromstroybank, Asaka Bank, Aloka Bank, Qishloq Qurilish Bank and Turon Bank. In the first stage, it is planned to transform the activities of banks, in the second stage - the sale of state-owned shares. Following the privatization of large state-owned banks, the financial services market is expected to undergo significant changes, resulting in new services and increased competition[15].

Certainly, the digital transformation of commercial banks is the application of a business concept that, along with modern trends in the financial and banking sector, can withstand changing macroeconomic threats, create an effective banking strategy and reflect a completely new approach different from competitors. It is an inevitable business process that requires adapting to new challenges of the domestic and foreign markets, formulating a management policy that can optimally assess banking risks, invest in the development of digital technologies and strengthen information security. Digitalization is increasingly

penetrating all sectors of the economy and pushing business boundaries across sectors.

CONCLUSIONS AND SUGGESTIONS

Due to the ease of use of innovative products, the interest of which has increased in recent years, digital technologies have a huge development potential not only for banks but for the entire economy. The current situation in the commercial banks of the country requires further strengthening of all necessary conditions for further digital transformation in the industry and integration into the international banking system to adapt to the emerging digital business environment. Digital transformation will allow our commercial banks to ensure the efficiency of banking services and raise financial institutions to a higher level.

At present, as a result of digital transformation in the banking system of the republic, you can see banking products based on the digitization of banking services, which have a modern character:

- effective use of digital technologies creates a competitive environment in all segments of customers;
- as a result of the expansion of digital banking services, the needs of customers are better understood and individual offers are formed for each customer;
- interaction of banks with customers is improving under the influence of digital technologies and rising to a new level;
- digital technologies allow banks to develop banking services for their customers, covering different segments of the population living in remote areas;
- digital banking services are becoming more understandable, allowing for faster banking operations;
- digitization allows you to manage costs in banking operations, increase operational efficiency and financial income;
- with the help of business processes based on digital technologies, banks began to be recognized as modern technological institutions.

Thus, it is necessary to systematically expand digital banking services in commercial banks, to further improve banking business processes on the basis of digital technologies, to develop the necessary knowledge and skills to implement the digitization strategy of bank employees, along with the formation of infrastructure for rapid introduction of digital innovations. plays an important role in ensuring the competitiveness of commercial banks.

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