

---

## Development of Banking Services in the Context of a Rapidly Growing Payment Turnover

***Erkin Khodjaev***

*Professor, Samarkand Institute of Economics and Service, Uzbekistan*

***Parviz Usmonov***

*Independent researcher, Samarkand Institute of Economics and Service, Uzbekistan*

---

**Annotation:** This article discusses the features of the development of services provided by the banks of the Samarkand region in the framework of the use of electronic technologies for non-cash payments. Taking into account the territorial specifics, the author concludes that it is necessary to develop a full-fledged remote and mobile banking service for the population of the Samarkand region.

**Key words:** services, banking services, bank cards, non-cash payments, banking services, payment of funds, Internet banking, mobile banking, credit, financing, cash.

### Introduction

In order to achieve the goal of protecting the rights of consumers of banking services, it was instructed to establish requirements for the implementation of relations with consumers of financial services for commercial banks and credit organizations in accordance with the Decree signed by the President of the Republic of Uzbekistan Sh.Mirziyoev dated March 23, 2018 No. PP-3620 "On additional measures to increase the availability of banking services". This document will undoubtedly have a positive impact on the availability of banking services for the population and those who are engaged in entrepreneurship. In addition, this document was aimed at eliminating problems and shortcomings in the observance of the rights and interests of consumers of banking services, expanding financial accessibility, especially in administrative and economic territories, as well as improving the service culture.

### Main part

According to this document, commercial banks are provided with conditions for:

- unhindered access of customers to the immediate service area without prior permits and presentation of documents confirming their identity;
- getting a preliminary consultation on the banking services provided from the administrators of the initial reception of clients;
- transparent registration and consideration of loan applications with an indication of the step-by-step decision-making procedure and the procedure for notification of the issuance or reasoned refusal to issue a loan (microloan) [1].

The systematic changes in consumer demand contributed to the emergence of innovative banking services. This was the reason for the development of non-traditional products and services by banks [2].

In fairness, it should be noted that the degree of development of innovative banking services depends on the priority areas of development of innovative products (services) [3] on the information platform. Undoubtedly, the exchange of information with banks is carried out not only through employees or ATMs. The "digital Age" involves the use of social networks or mobile applications for interaction. Hence the conclusion that the current trends in the development of banks are changing from complex innovative products, including, first of all, innovative services [4]. Modern development trends are largely influenced by the activity of the population, constantly demanding something new. This allows financial institutions, in particular banks, to interact with customers, i.e. depositors, using all types of services suitable for the depositor. However, innovative banking services will be in demand when risks and costs are reduced. This leads to increased revenue from innovative products and services. As a result, by reducing costs and saving money, banks, like other entities, can significantly increase the number of customers. The low cost of innovative products creates prerequisites for reducing service tariffs [5].

Not all areas that could constitute an effective financial and credit mechanism for interaction between the real and banking sectors of the economy are developed in the republic. For example, the factors limiting the possibility of obtaining a bank loan by farms are particularly stringent requirements for them from commercial banks in terms of securing loans [6]. There are still many points of contact between the financial interests of banks and economic entities that need to be developed. In particular, the possibility of attracting foreign development banks specializing in financing small businesses. Many large banks support the development of small businesses. However, the issues of implementing regional strategies in relation to the financial and credit capabilities of banks have now become the subject of discussion. Certainty in this matter can become a significant factor in improving the efficiency of banks, banking services and their further development.

The development of banking services makes it possible for banks to use more advanced forms of services through the use of electronic technology. The latter can serve as a factor in reducing the cost of credit services to the population.

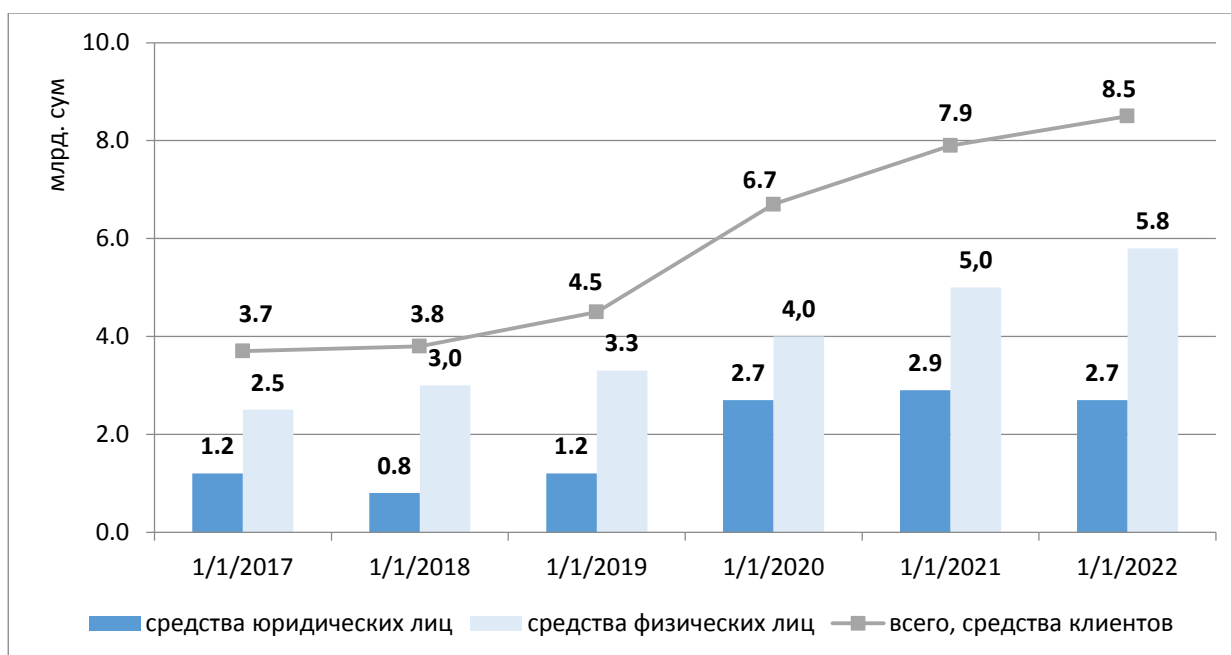
Touching upon this problem, I would like to note that since the beginning of the formation of the market banking sector, out of the total number of banking divisions, today the economy is served by dozens of branches and 18 internal structural divisions. But, despite this, the number of commercial banks and their branches (branches) is decreasing. The reduction is caused by objective reasons: optimization of expenses of credit institutions, capitalization of banks, introduction of the latest technologies into the banking business, allowing to increase the level of customer service, a significant reduction in production volumes in certain sectors of the region's economy, such as coal industry, construction, non-ferrous metallurgy, and is also associated with the migration of the population from the district to the central cities of the country.

The main part of the banking divisions is concentrated in the city center – Samarkand. In Koshrabad district, 2 internal structural divisions of credit organizations provide banking services. In two districts there is one branch and internal structural divisions. In the districts, the only providers of banking services are the internal structural divisions of Halyk Bank, which serve most individuals.

As you know, the resource potential of the banking sector largely depends on the development of the situation in the real sector of the economy. Over the past six years, the resource base of the banking sector has increased 2.3 times due to the attraction of funds from the population and enterprises (funds of legal entities have increased 2.1 times, individuals – 2.4 times) (see Figure 1). This fact was facilitated by the improvement of the financial condition of economic entities, an increase in real cash income, the approximation of banking products to consumers.

The banks of the city of Samarkand provide payments in the conditions of a rapidly growing payment turnover. At the same time, the main cash flows are carried out non-cash. These are

payments for goods (services) and work performed; payments related to the financing of enterprises; budgetary, intra-industry, intra-farm redistribution of funds: receipt and repayment of cash loans; payment of funds to the population; other payments and receipts.



**Fig. 1. Resources of the banking sector of the Samarkand region**

The use of electronic technologies significantly speeds up the passage of payments, which plays an important role for a country or an economic territory with its difficult transport conditions. Currently, electronic payments account for 97.7% of the total volume of all payments.

It should be noted that in terms of volume, the cumulative share of payments made by branches of credit institutions of organizations has increased from 29.2% to 65.4% in six years. Accordingly, the share of payments made through the payment system of the Central Bank of the Republic of Uzbekistan decreased from 70.8 to 34.6%.

In the assets of the banking sector of the territory, a significant share has always been occupied by funds in settlements (from 59.0% on January 01, 2021 to 76.9% on January 01, 2022). At the same time, a significant increase in this indicator in 2019 and subsequent years falls on the share of three branches of the NSC and is directly related to the transformations carried out in the NSC system – centralization of operational functions and transformation of branches while maintaining the full range of financial services to individuals and legal entities. The closure of the correspondent sub-accounts of the branches of the NSC in the divisions led to an increase in the volume of inter-branch settlements: now the branches of the NSC operating in the territory conduct settlement operations of their clients through this system.

The territorial payment card market continues to develop. The most popular payment systems in the world, VISA and MasterCard, dominate in this banking services market, annually increasing quantitative and qualitative indicators. At the same time, the overwhelming majority of bank card holders issued them on their own initiative – 70.5%, and holders of cards issued under "salary" projects accounted for 29.5%, respectively (as of January 1, 2021, almost all organizations signed contracts with banking divisions for transferring wages to bank card accounts).

Despite a significant increase in the volume of non-cash transactions made using payment cards, the number of cash withdrawal operations from a bank card is 1.6 times higher than the number of transactions for payment for goods and services, and in amount - 9.8 times. This is explained not so much by the preference of the population to pay in cash, as by an insufficiently developed network of trade and service enterprises in the territories accepting payment cards.

## Conclusion

Along with the positive aspects of the development of banking services in the territory, there are also certain problems. One of them is the insufficient provision of banking services to the population of the district, who do not live in district centers where branches of credit institutions providing a full range of banking services are located, but in remote settlements and villages where only internal structural divisions of the People's Bank are present, providing a minimum set of banking products.

## References

1. Постановление Правительства Республики Узбекистан от 1 июля 2018 г.
2. Карминский А.М., Жданова О.Р. Современные тенденции банковских инновации // Маркетинг: Менеджмент: Инновации. 2013, № 2.- С. 106-118.
3. Журавлева Ю.А., Финансовые инновации в международном банковском бизнесе // Вестник Академии, 2016, № 9.- С. 18-27.
4. Петрусенко О. Инновационные решения SAP для банковской отрасли // SAP Forum Kiev, 2014.- С. 4.
5. Конакбаев А.Б. и др. Банковские риски. Эволюция и управление. Международный опыт. Монография. – Караганда: КЭУК, 2012 –185с.
6. Зайналов Д. Р., Алиева С. С. Факторы, ограничивающие получение фермерскими хозяйствами банковского кредита //Направления повышения стратегической конкурентоспособности аграрного сектора экономики. – 2016. – С. 104-109.
7. Ахроров З. О., Ханова Н., Хусанова Д. Ш. Проблемы финансовой поддержки безубыточного функционирования хозяйствующих субъектов //Направления повышения стратегической конкурентоспособности аграрного сектора экономики. – 2018. – С. 122-126.
8. Эшкувватов Ш., Ахроров З. О., Зайналов М. Н. Укрепление и совершенствование управлением платежно-расчетных отношений //Актуальные проблемы управления. – 2018. – С. 204-209.
9. Ahrorov Z., Alieva S. Formation of Taxable Profit of the Enterprise in the Conditions of Developing Market Relations //Available at SSRN 4036423. – 2022.