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## Development Mechanisms of Remote Banking Services by Commercial Banks

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**Annotation:** This article discusses the aspects and existing problems of the organization of remote banking services provided by commercial banks to individuals. The analysis of the current state and prospects of development of remote banking services in commercial banks of Uzbekistan, as well as practical proposals for the expansion of remote banking services are presented.

**Key words:** banking system, individuals, remote banking services, remote technologies, innovative banking products, scientific and technological development.

### Introduction

Today, the process of providing remote banking services to individuals in our country is growing in line with modern requirements. Due to the pandemic, the intensification of competition has led banks to introduce the latest technologies to manage business processes, as well as automated decision-making systems. Among the measures taken by the Central Bank of the Republic of Uzbekistan to reduce the negative impact of the pandemic on the economy and support economic activity in the banking system, "from the first days of quarantine and focused on expanding the opportunities for individuals to provide all types of banking services to customers without visiting the bank building" (cbu.uz., 2022). However, despite the existing opportunities, the fact that the share of customers using the remote services of banks is insignificant today means that there are a number of problems in the development of the industry. In particular, the importance of remote banking services is not fully communicated to customers, factors such as insufficient development of infrastructure in remote areas, lack of knowledge of the population in the field of remote banking services have a negative impact on the development of remote banking services. Thus, in the provision of remote banking services, it is important to develop proposals and recommendations on the division of powers and responsibilities of the governing bodies of the banking system, as well as the ability to make management decisions.

### Literature review

Innovative banking products and services are an important tool for commercial banks to ensure competitiveness. Currently, the possibility of remote banking services for bank customers is growing. The analysis of different types of banking products and the features of their creation, as well as the study of strategies for bringing new products and services to market is a requirement of the time. It should be noted that as a result of the analysis of the relevant literature, various studies have examined the interrelationship of banking products with innovation.

In particular, according to Balachandher et al (2001), e-commerce now offers a way to share information as a guarantee of a new commercial revolution and to directly determine the average price of selling or buying products and services. This revolution in the market has set the stage in the banking sector to provide a payment system that meets the requirements of the electronic market.

It is clear from this that Jayawardhena and Foley (2000) argue that technological innovation affects not only banking and financial services, but also the way the economy develops and its ability to sustain growth. IT is defined as modern communication with electronic means, including receiving, storing, processing, transporting or transmitting and delivering information.

Rudakova (2015) believes that banking innovation should be clearly defined as a result of the efforts of commercial banks to make positive changes in all areas of banking and improve its performance. In his view, innovations in the banking sector of the economy are a strong incentive to maintain a leading position in the financial market in a highly competitive environment.

Antyufev and Tabachnyy (2019) argue that the current economic situation forces banks to look for and apply new methods to achieve the desired financial results, and that issues of improving the quality of banking marketing come to the fore. Apparently, it is important not only to expand the list of banking products and improve the technology of their creation, but also to study ways to implement them.

Also, Chkhutiashvili's (2010) analysis of the development of banking activities showed that banks that are able to form innovative products that meet the demand in the real sector will have additional competitive advantages and the opportunity to increase the capitalization of the banking business.

Ataniyazova's (2015) view on banking innovation is that the bank can meet the needs of customers for financial services and increase the amount of bank profit by creating new banking products, improving the quality of existing products, using new technologies and introducing new methods of risk assessment in banking. is the result of focused activity.

Mamadiyarov (2019) Systematic implementation of work on further reforming the financial and banking system of the republic, increasing its stability and achieving high international ratings by all banks, wide use of information and communication technologies for electronic payments and e-commerce In addition to providing services, it will have a positive impact on the inevitable growth of the banking system of Uzbekistan.

At the present stage, the development of remote banking services in commercial banks is directly related to scientific and technological progress, ie technological innovations. This is, first of all, a priority strategy in modern banking business. It is these circumstances that encourage banks to actively use information technology to succeed in competition.

### **Research methodology**

In the process of preparing the scientific article, the methods of comparative analysis of data on the basis of tables, grouping of data, statistical grouping on the basis of systematic analysis of abstract-logical thinking, expert evaluation were used.

### **Analysis and discussion of results**

Research has shown that for the development of remote banking services in Uzbekistan in accordance with modern innovative trends, the bank offers a wide range of services, the customer has access to the bank, regardless of its geographical location and time of day. We can also see that the recent trend of using remote services in commercial banks is positive. In our opinion, the provision of remote banking services is a set of services that allows you to perform various banking operations remotely. It is enough to use a computer or mobile phone without visiting the customer's bank. Remote technologies allow the client to have maximum convenience in using banking services and minimize time and financial costs in working with the bank [9]. We can see such a positive change in the following figures: the number of customers using remote services in banks has increased sharply in recent years, for example, in 2018-2019 increased by 1.9 times compared to previous years, as of January 1, 2021 compared to the same period in 2020. , Increased 6-fold.

The main part of the bank's customers using remote services in the country is the clients of Joint-Stock Commercial People's Bank of the Republic of Uzbekistan, Joint-Stock Commercial Bank "Agrobank" and National Bank for Foreign Economic Activity of the Republic of Uzbekistan.

Modern trends are possible by attracting a new customer base, expanding the range of banking services and operations, further improving modern banking Internet products aimed at electronic document management in the bank-client system, closing services (deposits, accounts, deposits), as well as expanding the format of banking services.

According to research, the following can now be included in modern remote banking products of remote customer service:

- mobile banking applications (payment for mobile phone, transfers, payments by mobile phone number, activation of automatic payment service and much more);
- Internet banking services (financial transfers between cards, accounts, deposits, credit payments, money transfers to electronic payment methods, etc.);
- Business online services with a set of banking products to perform various financial transactions over the Internet;
- bank-client systems. For example, in the product line of Joint-Stock Commercial Bank with foreign capital "Hamkorbank" this system allows customers to receive and send financial documents on payments, receive timely information about the status of funds and their movement in the banking market and contact the bank staff with messages.

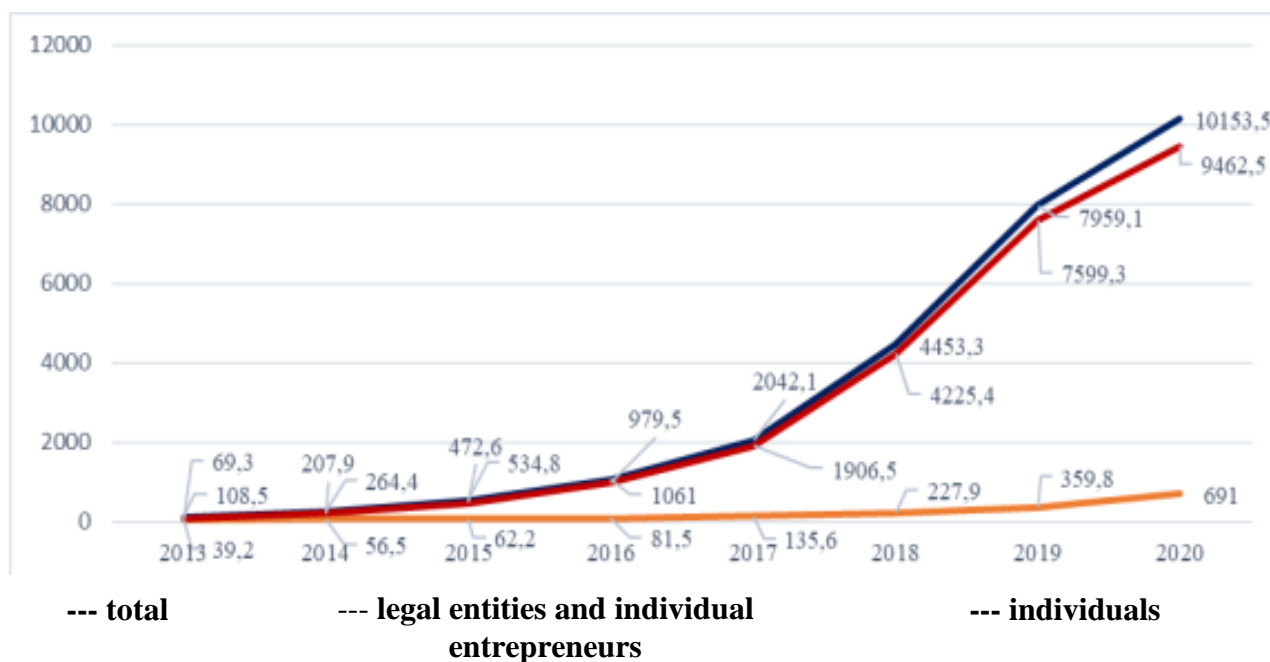
In addition, an important area of innovative activity of financial institutions in the country is the use of software that allows customers to implement various types of Internet banking services.

At the same time, modern commercial banks, realizing the importance of the impact of the digital economy on the banking sector, are constantly increasing the volume of offers in their areas of activity, trying to provide maximum customer service remotely, usually via telephone or computer networks. In this case, banks provide banking services that include smart computer software technologies.

According to the Central Bank, the number of users of remote banking systems will exceed 10.1 million by 2020 (Figure 1). This growth has accelerated in recent years, indicating that remote services in banking are becoming a way of life for customers. This is especially evident as the weight of individuals increases.

The positive dynamics of the number of users of remote banking services is assessed by the volume of use of banking services by bank customers.

The main and most important condition for the modern development of the mobile banking market in foreign countries is the confidence of citizens in the banking system, including the very high level of services and products of remote banking services offered in the market. One of the reasons for the increase in trust among the population is the high level of "penetration" of technology in the daily lives of citizens, their knowledge in this area and the desire of the population to reduce the time and financial costs of obtaining banking services. The main driving force in the development of this market segment in the banking market is competition, which forces credit institutions to constantly work to improve the quality of customers of remote banking services and the introduction of new types of remote banking services.



**Figure 1. Number of users of remote banking services.**

According to independent analyst firm Forrester Research, the number of users of remote banking systems in Europe is 58 million, or 17.0 percent of the adult population. About 60.0 percent of banks provide remote banking services to their customers, and the number of e-banks in Western Europe (Germany, Spain, France, the Netherlands) is twice as high as in the United States. The most active development of remote banking services is in the Nordic countries: Finland, Norway, Sweden, where 90.0% of banks and 20.0% of customers use customers. According to the Swedish Banking Association, more than 4 million people in this country use a variety of remote banking services, making Sweden one of the world leaders in the development of remote banking services.

Activities related to the provision of banking services outside the country can be promising areas for improving the innovative activities of commercial banks. In this case, the customer is given the opportunity to perform all necessary operations through remote access.

In our opinion, the increase in the process of long-distance services in our country in line with modern requirements is an important tool for commercial banks to expand new banking products and services and ensure competitiveness. Therefore, research to develop this area remains one of the most pressing issues today.

### Conclusions and suggestions

In conclusion, the following can be distinguished as the main processes that determine the current trends in the development of the market of remote banking services:

- The use of modern information technologies, the intensive development of which will allow banks to expand the range of banking products and services provided to customers, as well as reduce the time, transaction and financial costs of customers and banks;
- introduction of new segments of the online banking market and online banking tools in the banking sector;
- Enhancing competition between banks in the online banking market and improving the quality of banking services for customers in the field of online banking.

It is also necessary to pay special attention to the introduction of new innovative services in banks. According to the study, the fact that banks are lagging behind in offering remote banking services to their customers, on the one hand, leads to the fact that bank customers do not have access to such services, on the other hand, limits the scope of work in the bank itself.

Improving the conditions for the use of remote services on the ground is also an important tool in solving the problem. Improving the quality of communication channels can increase consumer access to new innovations, as well as free the population from unnecessary hassles. For example, long queues when paying for utilities, going to a bank or a branch that specializes in accepting such payments, increase the chances of paying for the service at home rather than spending time and money.

Adequate explanations of banking services to the population, deposits in banks, access to them, as well as the promotion of remote access to the bank by attracting free funds of the population through the media will serve as an important tool to strengthen public confidence in banks.

Thus, the main activities of commercial banks of the republic are aimed at the introduction of innovative banking products. Due to the pandemic, the intensification of competition has led banks to introduce the latest technologies to manage business processes, as well as automated decision-making systems. Innovative banking products are an important tool in the management of a commercial bank in a competitive environment, as well as innovative banking products and services for commercial banks in ensuring economic growth and competitiveness.

In our opinion, the introduction of virtual (digital) banks in the banking system of our country, as observed in foreign experience, will also be an important approach to the development of remote banking services. It is advisable to use virtual banks in the field of retail payments. Because if we take into account the participation of individuals in the process of retail payments, the volume of customers of virtual banks will be much higher.

Thus, the introduction of new types of banking services is one of the priorities in ensuring the stability of the banking system in Uzbekistan. The Republic of Uzbekistan also pays great attention to the development of modern banking services, noting that "... there are great untapped opportunities in terms of types and quality of banking services" means that there is much work to be done in this regard.

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