

Article

Features of The Organization of Modern Banking Activities

Uktamova Nozima Narzulla Kizi

1. Public Administration Department, Tashkent State University of Law, Uzbekistan

Abstract: The article analyzes the features of organizing modern banking operations in the context of the digital transformation of the economy. The main focus is on maintaining the client base and attracting new clients in the context of growing interbank competition. Particular attention is paid to the development of technologies and the emergence of internal processes to reduce costs. Trends in using remote banking services such as P2P transfers, online currency conversion, deposit opening, and account management through mobile applications have been analyzed. Innovation in the development of financial literacy and the improvement of the technical equipment of clients, as well as the problems of cybercrime and insufficient internet speed affecting the quality of banking services are supported.

Keywords: Modern Banking Operations, Digitization of The Economy, Client Base, Interbank Competition, Digital Transformation, Bank Payments, Distance Banking Services

1. Introduction

Famous In the current period of economic development, characterized by the unstable financial and economic situation of the world financial markets, the main task of banks in Uzbekistan is to maintain a client base and attract new clients. The intensification of interbank competition determines the conditions for banks to find solutions to this problem. In the context of digital transformation of the economy, the process of increasing the efficiency of internal processes aimed at reducing banking costs plays an important role.

Research results show that in the context of economic digitalization, the introduction of innovations is activated not only in the banking sector, but also in the entire financial market. Paying special attention to the quality of information flow formation is linked to the transparency and speed of input data processing, as well as the requirements for the implementation of information access to various consumers. Quality and timeliness are the main information requirements for decision-making, including in banks, to make the right decisions to minimize business risks [1].

Digitalization transformed and shaped the modern technological landscape of the first twenty countries in the 1920s. The database is a technological transformation of information arrays related to microelectronics and the digital technologies derived from them. Regarding the banking sector, it can be confidently stated that the traditional types of services provided by credit organizations are insufficient for clients. To maintain a sufficient level of interbank competitiveness, it is necessary to update the forms and methods of providing services, increasing the possibilities of providing services to clients that expand banking services.

Citation: Kizi UNN. Features of The Organization of Modern Banking Activities. International Journal of Business Diplomacy and Economy 2025, 4(1), 121-125

Received: 15th Dec 2024

Revised: 20th Dec 2024

Accepted: 25th Dec 2024

Published: 20th Jan 2025



Copyright: © 2024 by the authors. Submitted for open access publication under the terms and conditions of the Creative Commons Attribution (CC BY) license

(<https://creativecommons.org/licenses/by/4.0/>)

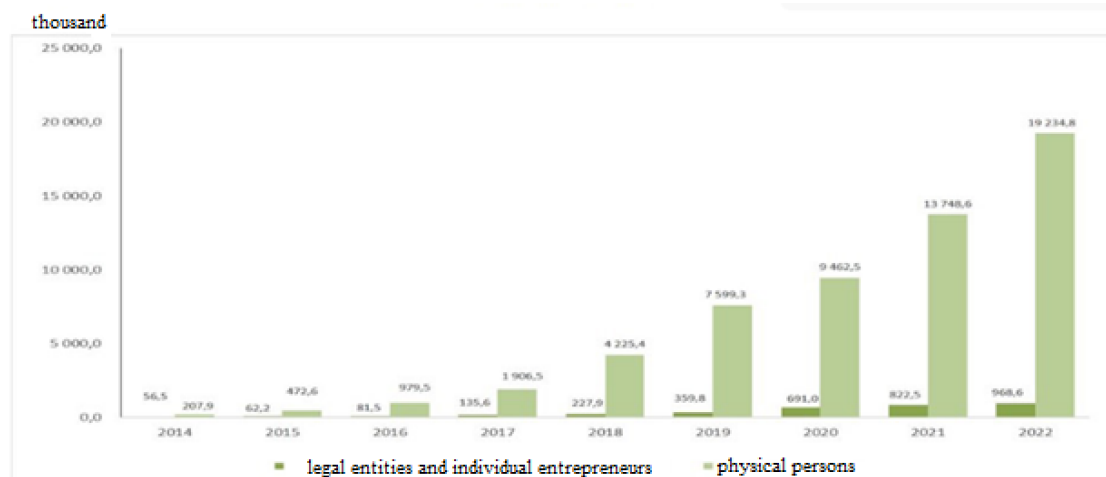


Figure 1. Number of users of systems providing remote banking services (by types) as of January 1 [2].

Analysis of remote banking services shows the trend of implementing digital technologies in banking services today. In remote banking services, a bank is a convenient banking service that provides customers with quick and constant access. The convenience of commercial bank services depends not on the location of its branch or branch, but on the quality of its internet applications and the implementation of digital technologies in the client's office. Therefore, remote banking services are a promising area for providing services to individuals and legal entities. Digital transformation allows commercial banks to enter the global banking market after acquiring preferential competitive positions.

Today, the population of Uzbekistan is widely using remote banking services to perform real-time card-to-card (P2P) transactions, make tax, budget, utility and other payments, borrow microloans and repay loans, register online deposits, remotely open deposit and loan (credit) accounts, make payments from an international bank card account, conduct online conversion operations, and other remote banking services through mobile application applications of commercial banks.

In turn, enterprises and organizations have the opportunity to dispose of funds on bank accounts and make payments in real time through remote management systems of bank accounts, send an application for the purchase (conversion) of foreign currency funds to the servicing bank in electronic form, transfer an electronic note to the bank for the transfer of monthly wages and equivalent payments, and use other services. As a result, as of January 2023, the number of users of remote services in our country amounted to 30 million, of which 28.8 million are individuals. However, despite this, there are a number of problems in accelerating the digital transformation process in commercial banks.

We can list the ones listed below. Improving financial and technical literacy. In this case, the main problems are the formation of a corresponding level of knowledge for clients to properly conduct banking operations and teach them responsibility for errors in making payments, as well as the need to have technical means capable of performing relevant banking services or ensuring internet speed. Analyzing the practical data, it was noted that the number of cases of embezzlement of funds from bank plastic cards and bank accounts has increased in Uzbekistan.

In particular, 5.5 thousand cybercrimes were committed in Uzbekistan in 11 months of 2023, of which 70% are crimes related to fraud and theft of bank cards. This shows that there are certain shortcomings in the proper conduct of banking operations and financial literacy in our country. We know that the importance of high-speed internet is very important in the effective, fast delivery of modern banking services to a person in a city or remote mountainous area [3].

When banks increase their costs due to the introduction of new technologies and software, there is a possibility that they will not be able to meet the standards established

for another bank. According to a study by Gartner researchers, IT spending in the financial system increased by almost 5% in 2019 to \$539.121 billion, decreased by 4.7% by 2020 and rose again by 2.8% by 2021.

The processes of financial globalization are the main source of active integration of financial technologies into the banking sector of the economy, utilizing the digital exchange of arrays of data that synchronize [4] structural business processes. Currently, most of the world's banks are using multi-functional interactions to increase their client base in order to increase the sales of their products and services.

Currently, an analysis of scientific research on integration theory shows the relevance of these studies, as it reveals the potential for strategic cooperation between companies in the real sector of the economy, analyzing the multifunctional interaction of organizations in the financial sector of the national and global economies in the development of this topic [5].

The concept of multifunctional cooperation is a separate cross-channel that combines various methods and techniques for establishing active and passive relationships between companies and consumers across different information resources. In the future, we will use the term "cross-channel information resources" to address challenges that arise to enhance the competitiveness of banking activities and optimize existing business models of the banking segment in the national economy.

The development of financial technologies allows banks to actively develop and develop completely new products and services, forming them in such a way that they can be easily modified according to the client's wishes. The use of digital technologies and digital communication channels between banks and clients, as well as partners, allows for the introduction of a new form and methodology of mutual cross-channel cooperation.

An empirical analysis conducted within the framework of microeconomic theory was conducted to study the economic effect of using cross-channel information resources in the area of interaction with the financial result of the banking segment of the economy [6]. Further research [7] was focused on studying the impact of cross-channel information network technologies on the overall efficiency of banking operations. As a result of the experiments conducted, it was established that the modernization of the business processes used in relation to the bank's capitalization and its position in the banking services market depend on the information resources of the implemented cross-channel.

2. Materials and Methods

The study employs a combination of qualitative and quantitative research methods to analyze the organization of modern banking activities in the context of digital transformation [8]. The methodological approach is structured around the following key components: Data collection, analytical framework, empirical analysis, problem identification, recommendations development [9], [10].

3. Results

The study yielded the following key findings regarding the organization of modern banking activities in the context of digital transformation:

Banks are increasingly adopting innovative technologies to maintain and expand their client base amidst rising interbank competition. Remote banking services such as P2P transfers, online currency conversions, deposit management, and real-time account operations have emerged as critical offerings to enhance customer satisfaction and loyalty.

Digital transformation has enabled banks to streamline internal processes, reduce costs, and improve the efficiency of service delivery. The integration of cross-channel information resources facilitates multifunctional cooperation, optimizing banking operations and aligning services with client needs.

In Uzbekistan, as of January 2023, remote banking services attracted approximately 30 million users, with 28.8 million being individuals. This trend demonstrates a significant

shift toward mobile and internet banking, emphasizing the importance of technological advancements in customer engagement.

4. Discussion

The digital transformation of banking operations has become a crucial aspect of modern financial systems, driven by the rapid evolution of technology and the increasing demand for convenience and efficiency from clients. The analysis presented highlights several significant trends and challenges that shape the organization of contemporary banking activities.

One of the main focal points is the necessity for banks to maintain and expand their client base amidst intensifying interbank competition. By adopting innovative technologies and offering personalized services, banks can address the evolving needs of their customers. Remote banking services such as P2P transactions, online currency conversions, and account management through mobile applications exemplify this trend. These services are not only convenient but also allow banks to provide 24/7 access to their customers, enhancing client satisfaction and loyalty.

The integration of digital technologies has enabled banks to streamline internal processes, reducing operational costs while improving service delivery. Cross-channel information resources and multifunctional cooperation are pivotal in optimizing business models and offering tailored financial solutions. Furthermore, these innovations facilitate the development of electronic ecosystems that integrate banking services with related sectors such as insurance, leasing, and factoring, thereby enhancing customer satisfaction.

Challenges in Digital Banking. Despite the progress, several challenges persist in the digital transformation of banking activities:

A significant gap exists in the financial and technical literacy of clients, which can lead to errors in transactions and vulnerabilities to cyber threats. Educational initiatives are necessary to empower clients to use digital banking tools effectively and responsibly.

The rise in cybercrimes, including fraud and theft involving bank cards, underscores the need for robust security measures. As reported, 5.5 thousand cybercrimes were committed in Uzbekistan within 11 months of 2023, highlighting the urgency of addressing these vulnerabilities. The study emphasizes the potential of cross-channel cooperation in enhancing the competitiveness of banks. By leveraging digital communication channels and collaborative strategies, banks can strengthen their market positions and achieve higher levels of client engagement. Empirical evidence suggests that the modernization of business processes contributes positively to the financial performance and capitalization of banks. The development of customer-oriented management strategies and segmentation of banking services based on client demographics are essential for fostering long-term growth. Embracing digital ecosystems and addressing infrastructure and security challenges will further enhance the quality of banking operations. Additionally, fostering collaboration between banks and technology providers can expedite the adoption of innovative solutions, ensuring that banks remain competitive in a rapidly changing financial landscape.

5. Conclusion

An analysis of scientific research aimed at studying the use of cross-channel network resources in relation to the banking segment shows the opening possibilities for the formation of electronic ecosystems aimed at designing and transforming business processes used to provide services in related financial sectors (insurance, leasing and factoring operations, etc.), built on the principle of more complete customer satisfaction and customer-oriented management. Classification and segmentation of consumers of banking services allows for the development of guidelines for the implementation of cross-channels for different segments of the target audience, which provides this bank with additional competitive advantages in the financial market. While the digital

transformation of banking offers immense opportunities for growth and efficiency, it also demands strategic investments in technology, education, and security. By addressing these challenges, banks can position themselves as leaders in the global financial market.

REFERENCES

- [1] O. M. Yermolenko and A. A. Mokropulo, "Formation of a Competitive Banking Environment Taking into Account the Structuring of Credit Organization Activities," *Economics and Entrepreneurship*, no. 5-1 (58-1), pp. 1133-1138, 2015.
- [2] Central Bank of the Republic of Uzbekistan, Official Data. [Online]. Available: www.cbu.uz
- [3] "Cyber Crime," *Gazeta.uz*, Dec. 21, 2023. [Online]. Available: <https://www.gazeta.uz/uz/2023/12/21/cyber-crime>
- [4] I. S. Melyukhin, "Problems of Formation of the Foundations of Information Society," *Problems of Informatics*, no. 6, pp. 18-21, 2007.
- [5] J. Gurvis *et al.*, *Just Big Data*. Moscow: Eksmo, 2015, p. 400.
- [6] E. Brynjolfsson and L. Hitt, "Paradox lost? Firm-level evidence on the returns to information systems spending," *Management Science*, vol. 42, no. 4, pp. 541-558, 1996.
- [7] W. Wade and J. Hulland, "The resource-based view and information systems research: Review, extension, and suggestions for future research," *MIS Quarterly*, vol. 28, no. 1, pp. 107-141, 2004.
- [8] X. Xudayarova, "Digital Transformation in Commercial Banks: Process, Problems, and Solutions," 2024, vol. 4, p. 4.
- [9] N. Uktamova, "Theoretical Issues to Increase the Efficiency of Emission Operations of Commercial Banks," *International Finance and Accounting*, vol. 2021, no. 4, p. 14, 2021.
- [10] N. Uktamova, "Chinese Commercial Banks Experience in Asset Diversification," 2024, vol. 4, p. 30.