

CURRENT ISSUES AND MODERN TRENDS IN IMPROVING THE EFFICIENCY OF BANKING SERVICES IN THE PROCESS OF ECONOMIC TRANSFORMATION

Khasanova Khamida Khaydaraliyevna

Senior Lecturer, Almalyk State Technical Institute

Oblokulova Shakhzoda Mukhammatali qizi

*Master of Science in Industrial Management (Business Expansion and Innovation),
New Uzbekistan University*

Abstract. This article examines the current issues and modern trends in improving the efficiency of banking services within the context of economic transformation. The rapid development of the digital economy requires banks to reconsider traditional business models and implement innovative technological solutions. The study analyzes the digitalization of banking services, transformation of operational models, API integration, fintech solutions, biometric identification, and the development of remote banking services. The findings indicate that banking efficiency is no longer assessed solely through financial indicators, but also through customer experience, digital engagement, operational agility, and data management capabilities. The research concludes that sustainable competitiveness in the banking sector depends on successful digital transformation, technological adaptability, and customer-oriented management strategies.

Keywords: Economic transformation, banking services, digital economy, digital banking, fintech, API integration, remote banking services, innovation, banking efficiency, customer experience.

Introduction. In the context of the modern global economy, the financial system, particularly the banking sector, is undergoing rapid changes to adapt to the demands of the digital environment. With the growth of the digital economy, banks' traditional operating models are being re-examined and new business approaches are emerging. Today, banking services are not limited to financial transactions but are expanding into a wide range of tangible and intangible services.

The transition to the “digital bank” concept presents banks with a number of strategic challenges. In particular, improving remote service systems, implementing artificial intelligence-based technologies, and strengthening cybersecurity mechanisms are emerging as key areas of focus for banks. These processes require the reorientation of almost all corporate mechanisms, from internal management to customer relations. The acceleration of technological progress and volatility in the global market are forcing banks to re-evaluate their development strategies. Digital transformation not only modernizes service delivery processes but also raises questions about how businesses across the entire economy will operate. In such a context, it is crucial for organizations to create new business models or rework existing ones based on digital technologies.

Literature review. Innovative development is an important opportunity to increase the efficiency of banks' operations, and the theory and practice of using digital technologies are significantly impacting the modern banking system worldwide. This process involves the use of digital technologies, on the one hand, to transform the business model and, on the other, to open up opportunities for revenue generation and new value creation. The transition to a digital business is characteristic not only of developed but also of developing economies, a fact that has been analyzed and confirmed by many scholars. In particular, researchers S. Karbo-Valverde and



K. Kan, while analyzing the efficiency of American and European payment systems, emphasize the importance of online banking products and note that they are not significantly threatened by cryptocurrencies. A. Omarin, analyzing the digital transformation of banking services in Mediterranean countries, underscores the importance of new technological platforms. T. Akhisar and K. Tunay emphasize the growing efficiency of electronic banking services. In Spain, a study by F. Libana-Kabanillas shows that interest in this segment among businesses and individuals is growing. Electronic banking is actively developing in Asia, Africa, and the Middle East.

In 2017, the Financial Stability Board (FSB) provided a brief definition of fintech: "technological innovations in financial services," understood as a set of products/services in the form of electronic retail payments, e-wallets, FinTechcredit, robo-advisor, and digital currencies. The development of fintech has shown that it contributes to economic growth by increasing the volume of GDP generated in the financial sector and indirectly increasing e-commerce turnover and financing for the real sector, particularly for small and medium-sized businesses, has shown that it contributes to economic growth by creating more convenient lending.

Methodology. This section describes the methodology used to increase service efficiency in commercial banks, with a focus on financial technologies. The research constitutes the methodology of economic theory tools, banking operations, the delivery of banking services and products, and financial technologies. During the research process, general scientific methods are used – analysis and synthesis, and induction and deduction for drawing conclusions and recommendations, systematic and comparative analysis, graphical representation, and econometric methods, as well as the interrelationship between theory and practice, and the methods of comparison and analogy were used.

Results. Among the main impacts of digitalization, scholars and practitioners highlight the following:

- changing consumer expectations;
- increasing product/service value through improved data management;
- transforming operational models into new, digital models;
- creating new forms of collaboration and partnerships."

However, since the digital transformation process began, this approach has changed radically. The IT department is no longer just a support function that provides technical backing for the existing strategy, but is becoming a key strategic center that determines the bank's overall development direction. As a result, a complete rethinking of business ideas and adapting them to the demands of the modern digital environment has become a primary task for both the IT and management teams. Banks' financial capabilities allow for significant investment in innovation. This allows for the centralization of services and their delivery to customers through a global network.

API (Application Programming Interface) - is integrated with customer-facing systems and is a collection of ready-made functions, procedures, classes, and structures provided by the software system for use in external applications and services. This allows banks to effectively connect their services with other platforms and interact with customers.

Social networks and mobile communication via a dedicated app - the integration of the bank's business with social networks allows for insights into customer preferences.

Through new digital tools, P2P consumer and business loans are provided, as well as financing via crowdfunding platforms.

Through robo-advising, financial planning applications, social trading platforms, algorithmic trading, and target-date savings services, customers will be able to effectively manage their wealth.



Technologies such as biometric identification, voice authentication, gamification, contactless technologies, and social media integration make banking services more convenient and user-friendly. Customers primarily evaluate their banking experience based on the convenience and simplicity of the service. Therefore, banks must continuously analyze the customer experience, identify existing shortcomings, and leverage modern technologies. In the past, bank efficiency was measured more by the volume of product and service sales. However, in the digital economy, banks must focus on adapting to modern customer needs and solving digital problems. These changes are crucial for banks to remain competitive and satisfy their customers.

Table1. Different models for implementing a digital strategy

Confederate model	General service model	Strategic Competency Centers Model	Digital operating model
This type of operating model is primarily applied to large banks that are gradually implementing digital transformation across various areas of their operations. It may not apply if they choose not to participate.	This model resembles outsourcing, in which certain functions are performed by an external contractor. The main objectives of this operating model are to improve coordination of internal bank activities and, by eliminating standard repetitive tasks, to streamline business processes and thereby reduce the costs of individual banking operations.	This element of the organizational structure enables coordination of the implementation of the digital strategy, forecasting market trends, and positioning the bank in this market segment to enhance its competitiveness.	This model can be implemented in banks that are in the final stage of digital transformation; as a rule, the model is intended for network players, i.e., single-industry organizations. The defining feature of the digital operating model is a digital platform for operations.

The effective implementation of a digital strategy depends on the bank's operational model. Depending on each bank's unique structure, operating history, and service characteristics, there are distinct approaches to implementing a digital strategy, since there is no single model that fits all banks.

The banking sector is focusing on developing operational models, as service delivery formats diversify with the growing number of customers. It is no longer necessary to visit a branch to access banking products and services; customers can meet their needs through digital technologies.

These various business models demonstrate how diverse the digital banking industry is becoming. Although each type of competing bank tailors its services to its target customers, they all offer the same advantages.

The main challenge of the digital transformation of the banking business is the need to introduce disruptive technologies that eliminate banks' traditional value chains. Industry outsiders are successfully offering basic financial services.

Conclusion. Studies show that in the process of economic transformation, increasing the efficiency of banking services is of strategic importance. In the digital economy, banks' competitiveness depends not only on the volume of financial resources but also on the level of innovative technology implementation and management flexibility.

The analysis led to the following scientific conclusions:



First, the primary driver for increasing the efficiency of banking services is digital transformation. Artificial intelligence, API integration, biometric identification, cloud technologies, and fintech solutions are enabling banks to reduce operational costs, increase service speed, and improve the customer experience.

Secondly, the successful implementation of a digital strategy is directly dependent on the bank's chosen operating model. There is no universal single model; each bank must shape its digital development strategy based on its institutional characteristics, resource capabilities, and market position.

Third, collaboration with fintech companies is a key driver of innovative development for banks. Such integration allows for the modernization of the traditional banking business model and the creation of new value chains.

Fourth, the criteria for evaluating the efficiency of banking services are changing. Efficiency is now determined not only by financial results or sales volume, but also by customer satisfaction, digital service usage rates, operational speed, and the quality of data management.

Fifth, enhancing customer financial literacy and digital skills is crucial in the development of remote banking services. Creating user-friendly, intuitive, and secure interfaces ensures the long-term sustainability of banks.

Overall, in the context of economic transformation, the future development of the banking sector is intrinsically linked to a full transition to a digital ecosystem, strengthening data-driven management, and fostering an innovative culture. In the future, artificial intelligence, blockchain, and quantum technologies are expected to fundamentally transform the architecture of banking services. Therefore, a strategic priority for banks is to develop technological agility, cybersecurity, and a customer-centric management model.

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