

METHODS FOR DEVELOPING THE BANKING SERVICES SECTOR.

**Alijonov J.A.,**

Assistant at the Department of Industrial Economics, Tashkent Institute of Chemical Technology

**Bozorboyeva Maftuna Turob kizi,**

student of Tashkent Institute of Chemical Technology.

@bozorboyevam2005@gmail.com

Annotation: The development of the service sector plays a significant role in the modern economy. The main factors driving the growth of the service sector include scientific knowledge, intangible assets, information technologies, and the integration of entrepreneurial activity. This sector of the economy encompasses various types of activities and contributes to increasing production efficiency. The final outcome of these activities is not a tangible product, but the services provided. Services can be delivered not only to enterprises but also to individuals, who are the end consumers. The essence of this article lies in enhancing the financial efficiency of banks by expanding the range of services offered in the banking sector.

Keywords: Banking operations, remote banking services, price conjuncture, payment services, real estate, private entrepreneur, credit services, deposit.

Ways to develop banking services.



Bozorboyeva Maftuna Turob qizi.

Toshkent chemistry Technology Universities.

@bozorboyevam2005@gmail.com

Abstract: The development of the service sector is of great importance in today's economy. The main factors of the growth of services in the economy are such factors as scientific knowledge, intangible collections, information technologies and the integration of business activities. This sector of the economy includes various types of activities and helps to increase production efficiency. The end result of this activity is not the finished product, but the services provided. Services can be provided not only to enterprises, but also to individuals – final consumers. The essence of this article is to enhance the financial efficiency of banks by expanding the range of services offered in the banking sector.

Keywords: price situation, retail, real estate, private entrepreneur, credit.

Methods for Developing Banking Services.

Бозорбоева Мафтуна Туроб кизи

ТАШКЕНТСКИЙ ХИМИКО-ТЕХНОЛОГИЧЕСКИЙ ИНСТИТУТ.

@bozorboyevam2005@gmail.com

Abstract: The development of the service sector plays a significant role in the modern economy. The main factors driving growth in services are scientific knowledge, intangible assets, information technologies, and the integration of entrepreneurial activities. This sector of the economy encompasses various types of activities and contributes to improving production efficiency. The end result of these activities is not a tangible product but the services provided. Services can be offered not only to enterprises but also to individuals—end consumers.

Keywords: price trends, retail trade, real estate, private entrepreneur, credit.

Introduction

Today, the acceleration of globalization processes, the formation of the digital economy, and the increasing competition in financial markets necessitate the comprehensive improvement of the banking system. Banks are manifesting themselves not only as financial intermediaries but also as important financial institutions that stimulate economic growth, support investment processes, and ensure the financial well-being of the population.

During the years of our country's independence, in order to implement monetary-credit policy, the law on the establishment of the central bank was adopted on February 15, 1991. The purpose of this law was to introduce a national currency in our country, regulate economic processes through it, and carry out money issuance. A strategy for reforming the banking system of the Republic of Uzbekistan for 2020–2025 has been developed. In particular, this strategy aims to create a legal environment that meets international standards and attracts foreign



investments into the financial sector.

Updated laws of the Republic of Uzbekistan have been adopted, including the "Law on the Central Bank of the Republic of Uzbekistan," the "Law on Banks and Banking Activity," the "Law on Currency Regulation," and the "Law on Payments and Payment Systems." From the experience of several foreign countries, it is evident that banks play a key role as important financial institutions in the economic development of a country. Therefore, increasing efficiency in banking operations, strengthening risk management systems, extensively implementing modern information technologies, and expanding customer-oriented services remain among the top priorities.

The concept of banking services encompasses the body of advanced practices in banking, effective management decisions, strategic approaches, and theoretical and practical knowledge that contribute to financial stability. The development of this sector plays a crucial role in ensuring the stable operation of the banking system, maintaining financial security, and enhancing competitiveness in international financial markets.

In particular, the expansion of digital banking services, fintech solutions, AI-based analytical tools, and remote service delivery systems is taking banking services to a new level. At the same time, there are several challenges in the development of banking services, including limitations in the implementation of innovative technologies, insufficient development of human capital, the need to improve risk management mechanisms, and the necessity of conducting in-depth analyses of customer needs. Addressing these challenges requires the modernization of banking operations, studying advanced foreign experiences, and adapting them to the national banking system.

The main aim of this article is to analyze the theoretical foundations and practical directions of the development of banking services, identify existing problems, and develop scientifically grounded proposals and recommendations to address them. Within the scope of the study, the prospects for developing banking services are extensively explored through the digitization of the banking system, the implementation of innovative management approaches, the strengthening of financial stability, and the application of international best practices.

Literature Review

Numerous scientific studies have been conducted on improving the provision and implementation of banking services. Research on customer needs in the banking services market and the ways to meet them, as well as other issues related to banking services, has been reflected in the works of Russian scholars E.F. Zhukov, O.I. Lavrushin, T.N. Nesterova, A.N. Ivanov, and French economist S. De Cusser (Mamadiyarov, 2021). Peter Rose (2007) describes banks as follows: "A bank is a firm that provides financial services, professionally manages society's monetary resources, and performs numerous functions in the economy."

According to Uzbek economists Bektemirov A., Omonov A.A., Khaydarov Z.Sh., and Niyozov Z.D., measures to reform and strengthen the banking and financial system of the Republic of Uzbekistan are aimed at increasing banks' capitalization, expanding crediting of the economy, diversifying the types of banking services provided, and thereby enhancing the role of the banking system in national economic development.



Nguyen and Lening (2023), in their study “*Mobile Banking and Customer Satisfaction*”, found that banks investing in mobile banking platforms increased customer retention by 30% due to convenience. Similarly, Gartner (2022), in the study “*Artificial Intelligence in Banking Operations*”, concluded that adopting AI could reduce operational costs by 25% and improve processing speed by 35%, particularly in credit processing and fraud detection.

Kim and Choi (2023), in “*Blockchain Technology and Transaction Security in Banking*”, analyzed blockchain potential and found that it reduces transaction processing time by 40% while significantly lowering fraud risks. Rodrigues and Chiao (2023), in “*Fintech and Financial Integration in Emerging Economies*”, demonstrated that fintech innovations such as mobile wallets increased access to banking services in rural areas by 50%, thus contributing to broader economic opportunities. Kumar et al. (2022), in “*Digitization in Banking and Economic Efficiency*”, found that fully digitized banks reduced operational costs by up to 20% over five years.

Several foreign economists, including B. King in *Bank 4.0: Banking Everywhere, Never at a Bank*, emphasized that in a globally unstable environment, banks must be fully reorganized, integrate into the digital lives of consumers, and transition from multi-channel to single-channel service principles (Mamadiyarov, 2021).

Azlarova (2020) noted that in recent years, the Uzbek banking system has made significant efforts to improve the quality and scope of banking services. However, global changes, intensified competition, and the need for commercial banks to transform and elevate services have created new imperatives.

Analysis and Discussion of Results

In this context, banks have historically followed the "golden principles" of global practice, ensuring that the attractiveness of services to the population corresponded to the broad access of entrepreneurs to credit. Ongoing reforms have strengthened the implementation of the *Consumer Credit* and *Mortgage* laws, which play a vital role in improving citizens' living standards. Uzbek commercial banks responded to domestic and global developments by expanding their service offerings, introducing new banking products, and actively implementing international standards.

The development of mortgage lending was positively received by the local population, and legal support for consumer protection, housing improvement, and credit access was established through relevant national laws. Notably, the *Law on Consumer Credit* safeguards consumer rights and expands access to housing and household improvements, increasing the volume of consumer lending. The *Law on Mortgage* (October 2006) established a legal framework for real estate lending, significantly contributing to mortgage credit development and regulating collateral-related relationships.

Digitization of the banking sector represents not merely a reduction of paperwork but a step toward a new stage in economic circulation. Currently, digitalization is not optional for banks; it has become a condition for survival. The most visible benefits of digitization include remote services:

1. **24/7 Access:** Customers can transfer funds, obtain credit, or open deposits at any time via mobile applications.

2. **Personalization:** AI analyzes customer behavior to offer tailored products, such as cashback or customized tariffs.



3. **Operational Efficiency and Cost Reduction:** Automation reduces human error and lowers costs through optimized staffing, office space, and paper usage.

4. **Financial Inclusion:** Digital banking brings financial services to remote areas via neo-banks and facilitates quick credit decisions using scoring systems.

5. **Security and Transparency:** New technologies combat fraud through biometrics and blockchain, ensuring transaction immutability and reducing corruption.

Digitalization enhances transparency, efficiency, and competitiveness in the banking sector, supporting GDP growth by reducing the shadow economy. Government programs, including long-term mortgage credit mechanisms and cash circulation strengthening, have supported bank capitalization and operational efficiency.

The expansion of private banks and increased competition has contributed to improved service quality, efficient resource allocation, and promoted entrepreneurship. Strengthening public trust in banks has led to increased deposits, enabling greater lending and reinforcing the stability of the banking system.

Financial inclusion remains a priority, targeting all population segments, especially rural communities, youth, and women entrepreneurs. Programs for microcredit, remote banking, and financial literacy education enhance economic activity and reduce the shadow economy. Simultaneously, cyber security and risk management are increasingly critical, with banks implementing multi-factor authentication, biometric identification, real-time monitoring, and compliance with international Basel standards.

Effective regulation and international experience play key roles in banking service development. Measures such as prudential supervision, transparency enhancement, fintech collaboration, and phased implementation of Open Banking positively impact sector growth. Countries actively adopting innovative financial technologies demonstrate significant improvements in service quality, coverage, and efficiency.

Overall, the development of banking services is achieved through the combination of digitization, customer orientation, financial inclusion, robust security systems, and effective government regulation. The 2024 rankings of the top 10 most reliable banks in Uzbekistan, based on total assets, illustrate the sector's performance and consolidation (Omonturdiyev, 2024).

No	Commercial Bank Name	Total Assets (billion UZS)	Charter Capital (billion UZS)	Deposits (billion UZS)	Overall Score
1	O'zmilliybank JSC	127,503	15,476	32,490	36
2	Asakabank JSC	58,014	5,858	15,485	29
3	Ipoteka Bank JSC	47,638	3,834	17,773	29
4	Agrabank JSC	66,700	10,770	15,389	26



5	O'zsanoatqurilishbank JSC	74,634	4,629	13,700	26
6	O'zsanoatqurilishbank JSC	36,603	7,748	17,044	21
7	Bank for Business Development	27,063	1,857	9,419	19
8	Mikrokreditbank JSC	19,062	3,796	6,361	19
9	Kapitalbank JSC	41,866	407	30,102	18
10	Transbank JSC	9,405	1,000	6,743	15

Conclusion and Recommendations

Efforts to reform the banking system have continued. The main directions include strengthening corporate governance by increasing the role of shareholders in bank management, enhancing financial stability through improved quality of bank assets, including foreign currency assets, further improving banking operations, expanding the range of services provided by banks, increasing the role of commercial banks in investment processes, and improving mechanisms for all forms of entrepreneurial entities to access credit resources, including lines from international financial institutions.

Within the framework of the Law of the Republic of Uzbekistan “*On Guarantees for Citizens’ Bank Deposits*”, a Deposit Insurance Fund was established to protect citizens’ bank deposits. In addition to the State Commercial People’s Bank, all banks operating in the territory of the Republic of Uzbekistan became members. Reliability, high service quality, and partnership relations with all customers have become fundamental principles in the operation of Uzbek banks. The institutional foundations of the banking sector were strengthened. Program documents adopted for liberalization and reform of the banking sector defined in advance the mechanisms for improving its efficiency. These documents are based on systematic and phased principles of liberalization, which have further enhanced public trust in the national banking system. Such an approach undoubtedly represents a significant achievement in creating a stable and reliable banking system.

References

1. E.F. Zhukov, O.I. Lavrushin, T.N. Nesterova, A.N. Ivanov, and French economist S. De Cusser (as cited in Mamadiyarov, 2021); Peter Rose (2007)
2. Uzbek economists Bektemirov A., Omonov A.A., Khaydarov Z.Sh., Niyozov Z.D.
3. Nguyen, L., & Lening, (2023). *Mobile Banking and Customer Satisfaction*
4. Law of the Republic of Uzbekistan *On Investment Activity*, December 24, 1998
5. Law of the Republic of Uzbekistan *On Foreign Investments*, April 30, 1998
6. Law of the Republic of Uzbekistan *On Guarantees and Protection of Rights of Foreign*



Investors, April 30, 1998

7. Decree of the President of the Republic of Uzbekistan, April 11, 2005, *On Additional Measures to Stimulate Direct Private Foreign Investments*

8. Decree of the President of the Republic of Uzbekistan, November 28, 2008, PF-4058, *On Measures to Support Enterprises of the Real Sector, Ensure Their Sustainable Operation, and Enhance Export Potential*

9. Decree of the President of the Republic of Uzbekistan, November 18, 2008, PF-4053, *On Measures to Further Strengthen Financial Stability of Enterprises of the Real Sector*

10. Decree of the President of the Republic of Uzbekistan, April 15, 2005, PQ-56, *On Further Reform and Liberalization of the Banking System*

Websites

1. <https://stat.uz> – Official website of the State Committee of the Republic of Uzbekistan on Statistics

2. <https://lex.uz> – National database of legislative information of the Republic of Uzbekistan

