

# Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> May - 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

## DIGITAL TRANSFORMATION OF FINANCIAL SERVICES IN THE ECONOMY AND DIGITAL BANKING IN ELECTRONIC COMMERCE

Akbarov Jasurbek Akrambekovich

Ajou University

Gulomova Nigora Farkhod kizi

Doctor of Philosophy in Economics (PhD)

Docent of the Department of Digital Economy,  
Higher School of Business and Entrepreneurship

### Abstract

Digital transformation is the process of using digital technologies to improve existing business models and increase operational efficiency through it. This process will lead to full-fledged digital transformation of the entire economy, considering the application of innovative technologies on a permanent basis. Financial investments are of great importance in the efficient functioning of financial markets and in the transition to the digital economy.

**Keywords:** digital technology, transformation, banking system, innovation, financial services, business models, efficiency.

### INTRODUCTION

The digital economy changes the working methods of state bodies, companies, entrepreneurs and citizens, making it much easier for them to perform various tasks. Digital innovations stimulate the development of the digital economy and society, and enable the use of new technologies in various directions, thereby leading to the digital transformation of the economy. Companies with high levels of organizational and human capital are more likely to reap significant benefits from digital investments. Such companies are flexible enough to maximize returns on their investments, have opportunities to increase sales, reorganize processes, and increase production efficiency.



# Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> May - 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

## MAIN PART

The use of digital technologies improves the interaction of banks, government bodies and potential customers. Digital transformation involves the use of modern methods of providing banking services in all aspects. As a result, the number of bank branches will decrease, and some services, including lending and investment, will become online services. Such a transformation of the banking sector also has its drawbacks - the previous generation has a hard time mastering the concepts of the digital economy and does not like giving up traditional ways of doing business, and for banks, a full online transition that works on mobile platforms will be a very useful event. An example is AtomBank, which does not have physical departments dedicated to working with clients in the UK. In it, all operations are carried out using mobile applications. Several examples of the development of online banking can be given in Russia. For example, innovative proposals for providing services to natural persons can be seen at JSC "Tinkoff Bank". Before switching to Internet banking, the increase in the customer base was 500 thousand per year, now this indicator is 1.0-1.8 million, that is, the number of new customers has increased by 2-3 times. As an example of the use of digital technologies for legal entities, we can cite AO "Modulbank". After the modern on-line banking system was launched, the number of customers increased by 1.5 times. The implementation of the advances of digital technologies leads to an increase in the number of customers in the bank due to the non-stop implementation of banking services throughout the day, month and year. The process of digital transformation of the banking sector includes the following elements:

analysis of customer experience, digitization of services and products, and transformation of internal processes of the organization. The digital transformation process is supported by a comprehensive study of the customer experience, analysis of existing requirements and identification of new requirements. The driving force of the innovative development of banks is the users of its services, because they create a real demand for modern banking services and products through their requirements. Clients summarize their communication experiences with banks and evaluate the bank's work by how convenient and easy they received this or that service.

Digital transformation of banks requires a comprehensive approach to digital strategy development and implementation. The transformation covers all aspects of



## Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> May - 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

financial and credit operations, including the digitization of the bank's management mechanism, and helps to maximize efficiency. A digital strategy should focus on solving the following four main issues:

- Application of digital technologies to work activities;
- Transformation of the process of creating a price for services;
- Financial aspect of digitization;
- Change of organizational structure.

For the successful implementation of the digital strategy, coordination of the development directions listed above is required. It largely depends on the operational model of the bank. But there is no single operating model for all banks, so the following digital strategies can be used depending on the type of bank:

1. Federated model - such an operational model can be used in large banks that are gradually implementing digital transformation, where digitization is carried out according to the lines of activity.
2. Model of differentiated services. Once a firm realizes the importance of digital transformation and takes the first steps to implement a digital strategy, larger banks can use a dedicated services model. In this case, several similar functions are assigned to one centralized department. The department responsible for carrying out these operations remains the split service center. Such a model is an analogue of outsourcing, where a number of functions are provided by external contractors. The main purpose of creating such an operating model is to increase the level of adaptation (rationalization) of internal bank operations and to optimize existing business processes due to the absence of standard returnable operations, as well as to reduce the costs of certain bank operations.
3. Model of creation of strategic centers of competences - The next stage of the development of the bank's operational model in the conditions of digital transformation is the establishment of competence centers as organizational units. Such centers control information systems and business processes on the basis of data collection and analysis and find ways to use them maximally efficiently.
4. Digital Operating Model – This model is intended for use in banks that are nearing completion of digital transformation. The model can be used only for single sector organizations. The presence of a digital platform in the bank's activity can be the basis for using a digital operating model. Currently, such a model is used in



# Proceedings of International Educators Conference

Hosted online from Rome, Italy.

Date: 25<sup>th</sup> May - 2024

ISSN: 2835-396X

Website: [econferenceseries.com](http://econferenceseries.com)

companies that provide mobile payment system services or in banks that use modern online banking.

## CONCLUSION

Currently, there is a consensus among many countries and prominent world leaders about the importance of digital transformation in society. There have been three industrial revolutions in history, and the digital economy is considered the fourth industrial revolution:

The first industrial revolution began in Great Britain in the 1760s and 1850s and involved a shift from agriculture to mechanized systems (cotton processing equipment, steam generators, steamships, railroads, and metallurgy);

The second industrial revolution began in the USA in 1870 and lasted approximately 100 years (development of mass production, distribution and communications, electricity, telephony, radio, television, internal combustion engine, skyscraper, plastic, antibiotics, etc.);

The third industrial revolution is related to computer and information and communication technologies, which began in the 1960s under the leadership of the United States (computer hardware and software, personal computers, network technologies, semiconductors, integrated circuits, e-mail, social networks, mainframes, electronic trading systems, mobile communication).

The Fourth Industrial Revolution will transform society and the economy by merging the physical, digital, and biological worlds, resulting in a number of artificially intelligent intelligent systems capable of revolutionizing society.

## REFERENCES

1. Sh. Sh. Shodmonov, R. Kh. Alimov, T. T. Jorayev. Economic theory. Tashkent, "Finance" publishing house, 2012. 416b.
2. [www.ceep.uz](http://www.ceep.uz) - 0 "Official website of the Center for Effective Economic Policy under the Ministry of Economy of the Republic of Uzbekistan.
3. Bekmurodov A.Sh. and others. Uzbekistan is in the years of economic liberalization. Parts 1-5. T.: TDIU, 2015. - 310 p.
4. "National personnel training program" 2017
5. "Health care development program" 2019.

