

DEVELOPMENT OF RETAIL OPERATIONS AND THEIR PROSPECTS

Sardorbek Bakhodirovich Sultonmurodov

Main expert, The Main operational CBS JSC "National Bank of Foreign Economic Activity of the Republic of Uzbekistan", Tashkent, Uzbekistan

Abstract:

This article examines the concept and essence of retail operations, retail lending and servicing of individuals, the role of social packages of services in the development of society. Moreover, retail services in the development of the banking system of Uzbekistan, their theoretical and practical aspects are considered, as well as scientific proposals for the development of retail banking services and recommendations are given.

Keywords: retail loan, donation, credit resources, international financial institution, loan agreement, banking product, client bank, SMS banking, mobile banking, plastic cards.

The development of the economy of any country is associated with the provision of banking services, which is an integral part of the services market. As you know, the formation of the banking sector has been taking place for several decades, especially intensive development has been noted in the last decade, starting in 2015. Despite the ongoing global financial crises, the retail banking business is developing and improving. The provision of retail banking services is one of the fundamental directions in the functioning of a number of banking organizations that act as the main source of attracting monetary resources and are a priority in the field of providing loans, opening deposit accounts, settlement operations, as well as trust services, jewelry storage, etc.

The development of retail banking services in the economy is taking place at a rapid pace, competition between banks to provide an extensive list of banking services is increasing. First of all, this is due to an increase in the consumer audience, i.e. the bank's customers.

The activity of the banking system is associated with high rates of reform, acceleration of the processes of privatization of banks with a state share. It is known that the implementation of the banking system reform strategy for 2020-2025 and the acceleration of the transformation of commercial banks aimed at increasing the



share of the private sector in banking assets from 15 to 60 percent is of paramount importance. "During the consistent reform of the financial sector, a number of measures have been implemented, as a result of which the necessary legal conditions have been created for conducting a progressive banking business and strengthening the competitive environment in the sector"¹.

The organization of banking services is an important component and the main element of the development of the banking sector of the country's economy.

As a result of the sale of a variety of banking services, a number of different factors are formed in the banking services market, which largely determine the development of the market as a whole. The main factors influencing the development of the retail banking market are: the economic situation in the country; incomes of the population; socio-demographic situation; scientific and technological progress; development of banking infrastructure; the presence of competition; regulatory regulation, etc.

The targeted placement of attracted funds through the development of retail lending is a measure of the bank's success. The irony lies in the fact that "it was the pursuit of maximizing the rate of return, the desire to get the maximum possible income from lending to corporate clients, that led many well-known banks to financial success"².

There are some difficulties in the development of retail business, this is due to the lack of professionals in the labor market in the field of retail products and services, the high demand for specialists in the field of Internet banking, as well as the problems of standardization of business processes and ways to optimize them, building on the conveyor at the scale of bank branches. Foreign practice shows that with the determination of top managers of banks and the allocation of appropriate resources for the retail business, it is possible to build a service system in 2-3 years of hard work, and in a fairly short period to develop this area in all branches of the bank.

The ROA indicator shows how profitable the bank is. It also shows how effectively the bank's management uses assets. The average ROA of commercial banks operating in Uzbekistan in 1999-2022 was about 3.11%. The tendency of commercial banks to reduce their return on assets can be explained by the

¹ Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. DP-5992

² L.F. Muradova, "Ways to increase the profitability of commercial banks' assets in the context of modernization of the economy of Uzbekistan", PhD thesis – Vol.: 2018.



introduction of innovative technologies in the banking sector and a significant increase in interbank competition as a result of an increase in the number of banks. For investors, the ROA of commercial banks exceeding 1% is considered attractive for investment. According to major investor W. Buffett, especially when the return on assets is about 1.3% or 1.5%, this is the reason for the rise in the share prices of a commercial bank³.

In the USA, the average capital return of banks was estimated at 10.62%. In the period from 1999 to the global financial crisis of 2008-2009, the average capital return of American banks was 14.6%, while the average capital return for the period up to 2018 was 8%.

Over the past five years, the number of legal entities and individuals using remote banking services in the banking system, the number of plastic cards in circulation, the number of terminals, ATMs and information kiosks installed by banks has increased dramatically. In our analysis, we studied the impact of innovations on banking efficiency in the activities of banks with a state share, such as JSCB "Uzpromstroybank" and JSCB "Turonbank", a private bank PJSB «Trustbank», as well as a bank with the participation of foreign capital "Invest Finance bank".

The dynamics of changes in the number of customers using remote banking systems in commercial banks, we can see a sharp increase in JSCB "Uzpromstroybank" and JSCB "Turonbank", where there is a share of the state. The total number of clients using banking service systems in banks PJSB «Trustbank» and JSC "Invest Finance bank", where there is no state share, has not increased to this level. PJSB «Trustbank» has the lowest rate of increase in the number of customers using banking service systems.

Commercial banks set themselves the task of developing the interest-bearing business at a more active pace, focusing their efforts on retail lending and lending to small businesses, which in turn will help make their loan portfolio more diversified. Among the many factors for a rapid transition due to the growing public confidence in non-cash payments, the availability of financial infrastructure in the form of ATMs, terminals and bank branches plays a crucial role. Taking into account this observation, commercial banks are increasing the number of functioning ATMs in cities and regions of the country, which will eventually lead to an increase in the

³ David Ahern, 'Return On Assets: How To Find Banks That Generate Profits | Seeking Alpha', 2017 <<https://seekingalpha.com/article/4083227-return-on-assets-how-to-find-banks-generate-profits>>.



average annual balance on customer accounts, and therefore providing funds to maintain the volume of non-cash payments.

The noticeable increase in indicators such as the number of bank cards in circulation and the volume of receipts to customer accounts in commercial banks really indicates the current transition of the population to non-cash transactions.

Considering the above, it can be concluded that the competent organization of the bank's retail business is a necessary element of economic development and has a positive impact on the standard of living of the population and the economic situation of the country. In order to improve the retail business of a commercial bank, it is necessary:

- in order to increase the level of diversification of services in banks and further development of the service sector, it is advisable to improve the new types of services of private banking, holding banking, Internet banking, mobile banking, new self-service models, forfeiting;
- taking measures to improve Internet banking services, in particular, organizing relevant seminars, trainings and programs for banking specialists and clients, improving the legal framework for electronic digital signatures, in order to increase its security, the widespread use of modern operating systems, Internet browsers and antivirus programs;
- as a continuation of the modernization of self-service banking systems: the creation of a unified system and database for banks in circulation of bank plastic cards and terminals; the introduction of telephone communication channel technology for transactions with bank cards and terminals in all banks, the transfer of transactions with bank plastic cards and terminals to an online fiber-optic Internet channel system; the creation of protection a high level that does not make it possible to forge bank plastic cards and terminals;
- the use of technologies for the development of new banking products or services as an assistant in the modification of existing or the development of new financial services, as well as ensuring wide application in the creation of the concept of the life cycle of new banking products and services.

In conclusion, I would like to note that the successes and achievements of the reforms carried out in the republic, in turn, lead to the need for a radical change in relations in the field of informatization.



Well, their positive decision will undoubtedly serve as the basis for the proper establishment of practical work in the development of electronic commerce and the payment system in Uzbekistan, as well as equal relations of the national payment system with developed countries of the world.

Used literature:

1. Decree (2020) Decree of the President of the Republic of Uzbekistan, dated 05/12/2020 No. UP-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan
2. A.L. Gulyamov, Improving the use of innovations in improving the efficiency of banking activities, dissertations of the Doctor of Philosophy (PhD) in economic sciences
3. R.U. Babarazakov, N.R. Ikramov, Prospects for the development of retail banking services of Uzbekistan
4. KPMG report "Diagnostics of the internal and external environment", 2023.
5. Popova A.A., "Retail banking and its development strategy in Russia" // 08.00.10 - "Finance, money circulation and credit" – 2007.
6. Brown S. Retail Location: a micro-scale perspective. Aldershot: Avebury, 1992. P.11.
7. Retail marketing management: translated from English / edited by D.Gilbert. – M.: 2005. pp. 10-11.
8. Ilyas, A. (2018). Competition in the insurance market of Uzbekistan. Asian journal of management sciences & education, 7(2), 56-61.
9. Khurshidovich, A. I. (2021). Issues of innovative development of insurance in Uzbekistan. International Journal of Management IT and Engineering, 11(7), 91-96.
10. Abdurahmonov, I. (2020). Efficiency of organizing the activities of insurance intermediaries in the development of insurance sector. International Finance and Accounting, 2020(1), 5.
11. Abdurakhmonov, I. (2020) "Prospects for applying new marketing technologies in the insurance industry," International Finance and Accounting: Vol. 2020: Iss. 4, Article 6. Available at: <https://uzjournals.edu.uz/interfinance/vol2020/iss4/6>.

