

## THE ROLE OF DIGITALIZATION AND DIGITAL TECHNOLOGIES IN TRANSFORMING THE ACTIVITIES OF COMMERCIAL BANKS

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### Abstract

The thesis analyzes the role of digitalization and digital technologies in the transformation of banking activities, the importance and prospects of remote banking services based on the experience of foreign countries. Also, the article shows the importance and convenience of digitalization of the banking system, the work that should be done in this direction in our republic.

**Keywords:** banking, digitization, transformation, digital technologies, ecosystem, digital banking, neobanking, remote identification.

### INTRODUCTION

Commercial banks are the main link of the economy and ensure the growth of the economy by taking financial assets from one entity and placing them in another. The population's need for remote access to modern banking services is increasing day by day, which prompts banks to use digital technologies widely, to integrate their database with the database of government bodies and other organizations.

### MATERIALS AND METHODS

This has become the main condition for long-term stable operation and profitability of banks in the financial market.

Based on the above, banks in Uzbekistan are focusing on the wide use of advanced digital technologies in the transformation of their activities using foreign experience and standards while developing cooperation with international financial institutions. A few years ago, banks required all kinds of paperwork in order to serve their customers, but today, customers use banking services without even knowing where the bank building is. For example, the customer can easily exchange the money on his plastic card from one currency to another, get a loan online whenever he wants

and pay it off. At the root of such easements are advanced innovative ideas and technologies. Once the implementation of mobile banking was considered as an innovation, now it is difficult to imagine our life without this technology. In addition, mobile banking technology is considered as a minimum requirement for banks.

## RESULTS AND DISCUSSION

Below are the differences between digital banks and traditional banks.

The main feature of digital banks are:

- lack of need to expand its branch network;
- establishment of 100% remote-on-line communication between the bank and the client;
- availability of a quality and convenient mobile application;
- availability of attractive interest rates and conditions for savings (deposit) and loans;
- availability of high-quality, comfortable and continuously working "customer support centers".

The above features lead to an increase in the volume of transactions and services at the same time as the cost of transactions and services decreases. Among the costs of digital banking, the main place is occupied by the costs incurred for the continuous operation of the software and their modernization.

Main characteristics of traditional private and state banks:

- presence of branches and banking service centers in all districts, cities and regions, insufficient attention to service quality;
- lack of continuity and low quality of communication between the bank and the client;
- availability of the mobile application "in name", chronic interruptions in making money transfers from one plastic card to another and utility payments due to technical malfunctions;
- low deposit (deposit) interest rates, non-transparency of loan allocation conditions;
- the existence of cases where the customer has to talk to several employees of the bank's structural units in order to get a satisfactory answer to his question due to the slow operation of the "customer support centers", and the fact that the employees of



the center do not have enough information about banking services and products. Digitized document exchange switching to vi results in:

- documents do not get lost, the employee does not search for the necessary files on the desktop, document shelf and various databases;
- the digitized platform is integrated with various databases, including the electronic databases of the State Statistics Committee, the State Personalization Center, the Pension Fund, and the National Credit Information Center;
- documents are stored in a single database, the user does not make mistakes, because he does not work with text, but only answers short questions in the questionnaire. The document is created automatically based on the information in various integrated registers;
- a single corporate style (font, paragraph, logo, color) is preserved in the documents;
- all employees work on a single platform, that is, bank managers give their employees relevant assignments and instructions on this platform.

"Forbes" magazine writes that "new technologies will change the role of banks that adapt to the needs of customers and strive to be mobile." At the same time, in addition to the transformation of financial institutions, it is necessary to revise business processes, as well as change the worldview of employees, which turns digital transformation into professional transformation. In addition, "Forbes" magazine came to the conclusion that "banks need to think about creating an environment of trust and a culture of transformation that will allow creating a balance between adequate security control and the risk of using the latest technologies" [4].

## CONCLUSION

The main problems in digitalization of the banking system are the lack of qualified IT specialists, low Internet speed and coverage. However, in our country, special attention is being paid to training IT specialists and improving their qualifications, for example, the project "1 million Uzbek Coders" (Million Uzbek Coders) was announced throughout the Republic in cooperation with experts from the UAE to improve the qualifications of personnel working in the established technology parks. A total of 20,000 participants registered to participate in this project, about 2,000



participants received certificates, and 650 participants were graduates of this course [36].

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