

DEVELOPING MODERN BANKING SERVICES IN COMMERCIAL BANKS IN THE CONTEXT OF DIGITAL TRANSFORMATION

Khayrullaev Shokhjahn Sa'dulloevich

Human Resources Manager, Human Resource Management (HR) Department
Tashkent State University of Economics

In recent years, digital transformation has become one of the most significant trends shaping the global financial system. Rapid technological advancements, increased internet accessibility, and the growing use of mobile devices have fundamentally changed the way financial services are delivered and consumed. Commercial banks, as key participants in the financial sector, are under increasing pressure to modernize their operations and develop innovative service models in order to remain competitive and meet evolving customer expectations.

At the same time, digital transformation presents both opportunities and challenges. While it creates new possibilities for service innovation and market expansion, it also requires significant investments in infrastructure, cybersecurity, and human capital. Banks must adapt their organizational structures, processes, and strategies to successfully integrate digital technologies and ensure sustainable growth.

Therefore, studying the development of modern banking services in commercial banks within the context of digital transformation is highly relevant. This research aims to examine the role of digital transformation in shaping new banking services, analyze its impact on banking performance and customer service quality, and identify effective strategies for the successful implementation of digital innovations in commercial banks.

As emphasized by our President, “The primary objective of reforms in the banking sector is to ensure that commercial banks operate in the interests of

customers”.

In recent years, extensive measures have been implemented in our country to develop the banking system, particularly aimed at the wide introduction of modern new technologies and accelerating digitalization processes in the sector. Since 2024, a large-scale transformation program has been launched in the banking system of the Republic. In this regard, special attention has been paid to increasing the capital, resource base, and profitability of banks.

Timely implementation of the planned activities at each stage of commercial bank transformation contributes to strengthening shareholders' confidence. This, in turn, creates an important foundation for attracting additional financial resources.

Today, the development of modern service types in commercial banks, as well as the quality, accessibility, and speed of remote banking services, has become highly relevant. In our country, a number of measures have been implemented to improve the condition of remote services provided by commercial banks and to introduce convenient and modern banking solutions. In particular, pensioners have been given the opportunity to withdraw funds from their bank cards free of charge through ATMs, and an extensive payment infrastructure has been established across all regions to enable cashless transactions.

The ability to make various payments remotely through online platforms represents one of the key advantages of using bank cards. In recent years, commercial banks have significantly expanded digital service channels, including mobile banking applications, internet banking platforms, and self-service terminals, enabling customers to access banking services anytime and anywhere. Special attention has been paid to improving the usability, security, and

functionality of mobile applications, allowing customers to perform payments, transfers, account monitoring, loan applications, and other financial transactions remotely.

Furthermore, recent advancements such as contactless payments, QR-code-based transactions, digital wallets, biometric authentication, artificial intelligence-based customer support, and real-time transaction processing have further enhanced the efficiency and convenience of banking services. These innovations contribute to increasing financial inclusion, improving customer experience, and reducing reliance on cash-based transactions.

As a result, compared to cash payments, the use of bank cards and digital payment systems has become increasingly efficient, secure, and convenient, playing a crucial role in the digital transformation of the banking sector.

It can be noted that in our country, the expansion of the quality and scope of remote banking services has been strongly supported at the state level. In particular, the Presidential Decree of January 9, 2018, “On Measures to Fundamentally Improve the Activities of the Central Bank of the Republic of Uzbekistan,” identified the further development of the national payment system as a priority task. This includes expanding access to remote banking services and promoting the adoption of modern digital technologies in the banking sector.

In recent years, the active implementation of such modern technologies within the banking system of the Republic has created significant conveniences and innovations for both banks and customers. The introduction of digital payment systems, mobile banking applications, online financial platforms, and automated service channels has improved the efficiency, accessibility, and reliability of

banking services. These developments demonstrate that digital transformation has become a key driver in modernizing the banking sector, enhancing service quality, and strengthening the overall competitiveness of commercial banks in the digital economy.

In particular, among the newly introduced remote banking services offered to customers in our country, such forms as “Bank–Client,” “Internet banking,” “SMS banking,” and “Mobile banking” are widely used by customers. The reason is that these services facilitate mutually beneficial cooperation between banks and their clients by providing convenient, efficient, and real-time access to financial services. Over the past five years, the number of users of remote banking services offered by commercial banks has increased nearly 90-fold. At the same time, the number of internet users has also grown significantly, further accelerating the adoption of digital financial services.

This rapid growth places greater responsibility on commercial banks to continuously improve and expand their remote service capabilities. In response, commercial banks have modernized their technological platforms in accordance with international standards, enabling the introduction of advanced services for plastic cardholders, including SMS transaction notifications, electronic commerce payments, instant money transfers, digital wallets, and integrated online payment systems. These improvements have enhanced the efficiency, reliability, and security of banking operations.

In other words, modern technological platforms allow customers to perform banking transactions using plastic cards anytime and anywhere, provided there is access to mobile communication networks or the internet. Furthermore, recent

advancements such as real-time payment systems, contactless transactions, QR-code payments, biometric authentication, and AI-powered fraud detection systems have significantly strengthened the accessibility, speed, and security of remote banking services, contributing to the ongoing digital transformation of the commercial banking sector.

In addition, payment systems such as “Bank–Client,” “Internet banking,” “Mobile banking,” and “SMS banking” have been successfully implemented and widely utilized. These systems enable customers to make payments for mobile communication services, utility bills, and internet provider services, transfer funds to trade and service enterprises, conduct online purchases from internet stores directly from their bank accounts, and perform card-to-card money transfers. These remote banking services have significantly simplified financial transactions and improved the accessibility and efficiency of banking operations for both individuals and business entities.

Furthermore, in order to attract idle funds from the population and business entities into the banking sector, increase bank profitability, and expand the range of banking services, commercial banks in our country have further developed digital banking platforms such as “Internet banking,” “Bank–Client,” “SMS banking,” and “Mobile banking.” Along with these systems, modern digital payment applications designed for customer convenience, including Click, UzCard, UPAY, and Payme, have been actively enhanced and integrated into the national financial ecosystem.

These fintech applications have played a crucial role in accelerating cashless payments, promoting financial inclusion, and supporting the digital economy. They

allow users to perform a wide range of financial operations, including real-time payments, peer-to-peer transfers, QR-code payments, bill payments, and e-commerce transactions. As a result, the integration of banking services with fintech platforms has strengthened the digital infrastructure of the banking system and contributed to the modernization and competitiveness of commercial banks in the era of digital transformation.

It is also important to examine how digital banking and improved banking process systems have been implemented. Following the adoption of the Presidential Decree “On Measures to Fundamentally Improve the Activities of the Central Bank of the Republic of Uzbekistan,” the banking sector was assigned the task of establishing “digital” banks and specialized banking divisions focused on retail banking services. In addition, banks were encouraged to expand and improve the quality of customer services through the active use of innovative banking technologies. As a result of these reforms, in 2020, Anorbank and TBC Bank were officially registered as digital banks in Uzbekistan, marking an important milestone in the digital transformation of the national banking sector.

The concept of a “digital bank” itself developed rapidly in European countries between 2015 and 2020, driven by advances in financial technologies, increasing internet penetration, and changing customer expectations. Digital banks operate primarily through online platforms without relying on traditional physical branch networks. They utilize modern digital innovations such as mobile applications, cloud computing, artificial intelligence, biometric authentication, and automated service systems to provide faster, more efficient, and customer-oriented financial services.

By leveraging these advanced technologies, digital banks offer greater convenience, accessibility, and cost efficiency for customers. Services such as remote account opening, instant payments, digital lending, real-time transaction monitoring, and personalized financial management tools have significantly improved the overall banking experience. Therefore, the introduction and development of digital banks represent a crucial step in modernizing the banking system, enhancing financial inclusion, and strengthening the competitiveness of commercial banks in the digital economy.

Table 1

Differences Between Operating Commercial Banks and Newly Established Digital Banks

Criteria	Traditional Commercial Banks	Digital Banks
Service delivery channels	Services are mainly provided through physical branches and offices. Customers often need to visit the bank in person.	Services are provided primarily through mobile applications, internet banking, and digital platforms without physical branch visits.
Physical infrastructure	Require extensive branch networks, office buildings, and physical service points.	Operate mostly without physical branches or with very limited physical presence.
Technological infrastructure	Often rely on legacy systems that may limit flexibility and speed of innovation.	Built on modern technologies such as cloud computing, artificial intelligence, APIs, and

		big data analytics.
Accessibility of services	Limited to branch working hours for many services.	Available 24/7, allowing customers to access services anytime and anywhere.
Speed of service delivery	Slower due to manual processes, paperwork, and physical verification.	Faster due to automation, digital verification, and real-time processing systems.
Cost structure	Higher operational costs due to physical infrastructure and larger staff.	Lower operational costs due to digital infrastructure and fewer physical resources.
Customer interaction	Primarily face-to-face interaction at branches.	Interaction through mobile apps, chatbots, online platforms, and remote communication tools.
Innovation level	Innovation may be slower due to organizational complexity and legacy systems.	Highly innovative and flexible, with rapid implementation of new digital services.
Examples of services	Basic banking services, loans, deposits, card services, branch-based customer support.	Digital account opening, instant payments, digital wallets, online lending, AI-based services, real-time notifications.
Examples	National Bank of Uzbekistan, Asaka Bank, Agrobank, Ipoteka Bank	Anorbank, TBC Bank, and other emerging digital banks

Today, digital banks such as Anorbank and TBC Bank provide fully digital banking services to their customers through mobile applications and desktop computer platforms. This means that digital bank customers can access banking services 24 hours a day, 7 days a week, without the need to visit physical branches. In the digital banking system, customers are provided with mobile applications supported by highly advanced IT infrastructure, ensuring high flexibility, speed, and efficiency in performing banking operations.

The digital transformation of financial services creates broad opportunities for bank customers and represents an important stage in increasing financial activity. At the same time, it contributes to expanding customers' economic opportunities by providing convenient, accessible, and efficient financial services. Digital technologies enable customers to manage their finances more effectively, perform real-time transactions, and access innovative financial products remotely.

In conclusion, the transformation of commercial banks and their transition toward digital banking systems reflects the rapid development of modern information technologies. The implementation of digital technologies not only improves the quality and efficiency of banking products and services but also reduces operational costs and enhances overall banking performance. In other words, the development of digital financial services serves as one of the key strategic directions for the modernization and sustainable development of the banking system in our country.

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