

Retail Banking Services and Prospects For Its Development in the Republic of Uzbekistan

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ABSTRACT

This article is about a market of retail banking services in Uzbekistan and development of this market. It covered the practical significance of retail banking services, analyzes the current state and ways to improve it. The article analyzes past and current years, identifies problems and provides recommendations for addressing them.

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Introduction

The main goal of the economic reforms implemented in our country in recent years is to fully establish the principles of market relations in our republic. In order to achieve this, first of all, it is necessary to organize cashless accounts and establish a developed payment system, which will allow the effective establishment of commodity-money relations in the country. Since the Republic of Uzbekistan gained independence, consistent reforms have been carried out in the national payment system. In particular, the President of the Republic of Uzbekistan

Resolution No. PQ-3620 dated February 23, 2018 "On additional measures to increase the popularity of banking services" further develops the banking system of our country, further strengthens the trust of the population and foreign investors in the banking system, ensures the protection of the rights and legal interests of consumers of banking services, it was emphasized that new types of banking services should be introduced [1]. Also, the Resolution of the President of the Republic of Uzbekistan dated September 19, 2018 No. PQ-3945 "On measures to develop the national payment system" established that bank tariffs for the provision of retail payment services should be established in accordance with international experience without administrative interference to ensure the reimbursement of banks' expenses and promote competition [2].

Analysis of literature on the topic

A number of economists have studied the national payment system, retail banking services and its development in their scientific work.

Zhumladan, Ikramova N.R., Trofimov D.V., Nikonorov V.V., Bekchanov M., Abdurakhmanov R., Omonov A.A., Alikoriev O. and others have studied the specific aspects of many retail services provided by commercial banks today, and the existing problems in their development.

D.N. Vladislavlev defined it as "Bank's retail services - a set of services provided by commercial banks for individuals and small business organizations." [3].

I.O.Spitsin and O.Ya.Spitsin defined that "The retail or consumer services market of the bank includes consumers who purchase banking services for personal needs" [4].

E.A. Vinokurova says "Retail banking services are several interconnected retail banking operations, resulting in the movement of funds to satisfy the needs of the client. Retail banking products are a set of regulated and standardized retail banking services provided to individuals" [5].

N.V. Keshenkova defined the process of legal formalization of the process of providing bank customers with special banking goods and products in a mass manner, organized through a bank transaction, and standardized retail banking services [6].

A.S. Honcharuk put forward the author's definition that "Retail banking services are a service based on standardized banking products to meet the personal, family needs of the population that are not related to commerce" [7].

Indian economists Jamal, Ahmad and Naser in their article entitled "Satisfaction of Customer Needs and Retail Banking Services" define retail banking services as follows: "Retail banking is the provision of many banking services to individuals by commercial banks" [8].

It can be concluded from the above points that retail banking services are a set of non-commercial banking services offered by commercial banks to meet the personal or family needs and requirements of individuals for specific banking services.

The payment system can be divided into 3 parts:

1. Interbank payment system;
2. Internal payment system of banks;
3. Retail payment system.

Retail banking services are based on the development of this network for consumers, the improvement of the quality of the offered services and the expansion of the scope of services.

Analysis and results

In the economy, the organizational parts of retail payment systems are cash, card (using terminals, information kiosks and ATMs), mobile and Internet systems (based on electronic money) and accounting systems of payment operators and agents (for example, the "Paynet" system).

The special features of retail payment systems are expressed in the following:

- Small amount and numerous payments;
- It provides for the implementation of calculations with the participation of the population;
- Netting clearing payment system is used in retail electronic payment systems.

In the process of analyzing the market of retail banking services, it can be seen that in addition to currency trading operations in banks, retail banking services related to the attraction of free funds of the population to the bank have a tendency to develop.

Currently, regular work is being carried out in the ADB system of "Mikrokreditbank" in order to increase the types of retail services to the population and improve the quality of service. The bank is constantly developing new types of deposits based on the needs of individuals, providing services for instant money transfers, plastic cards in national and foreign currencies, and retail loans.

Based on the market requirements, "Microcreditbank" ATB quickly revises and offers deposit terms convenient for retail customers to maintain and increase their savings in the bank. The bank introduced "Stimul-2", "New home foundation", "Profitable investment" and "Ommabop" types of deposits under favorable and attractive conditions for the population. Also, in order to create convenience for the population, 5 new types of remote deposits called "Online investment" and "Online popular" have been introduced through the mobile application.

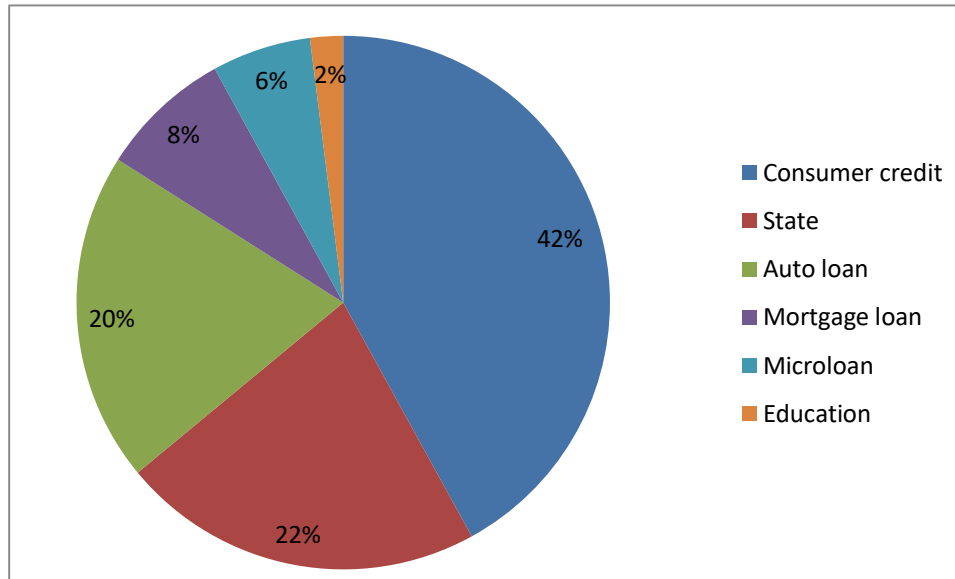


Fig. 1. In 2019, the distribution of loans granted to individuals by "Microcreditbank" ATB by sectors [9].

In 2019, "Mikrokreditbank" ATB provided loans to individuals in the amount of 962.6 billion soums, of which 401.0 billion soums were allocated to consumer loans, 207.0 billion soums to ensure employment, and 195.4 billion soums to car loans. , 80.2 billion soums were allocated for mortgage loans, 44.0 billion soums for microloans and 22.5 billion soums for education loans.

Formulating a marketing strategy aimed at the development of retail banking services in our republic, taking full account of customers' requirements for retail banking services, scientifically solving the problems of appropriate segmentation of the retail banking services market based on the bank's competitive advantage, is of great importance.

One of the most widely used types of retail banking services today is plastic card services. Plastic cards have their own advantages for residents and banks. Including, in the territory of the Republic of Uzbekistan, the Kobaydz card is a cooperative card of UzCard and UnionPay payment systems, which can be used in the infrastructure of both payment systems. The Kobaydz card is linked to a single account in the national currency (sum) and enables its holder to make payments for goods and services in 170 countries and regions of the world in exchange for the automatic conversion of sums into US dollars.

If we take the experience of Canada, one of the countries with a developed banking system, 3 types of credit cards - "Classic", "Gold" and "Platinum" - are widely used in this country. "Gold" and "Platinum" cards have a large limit, which gives the cardholder additional financial opportunities. These cards are issued to individuals who have a steady income [10].

In our republic, reducing non-bank money circulation, attracting people's free money to bank deposits, as well as developing a system of cashless settlements through plastic cards, settlement for goods and services through bank payment cards has become widespread. In particular, as of December 1, 2021, 5,642,593 bank plastic cards were in circulation.

Costs related to the organization of retail payment systems of some countries in Europe [11]

Country name	Compared to GDP (%)	Retail means of payment		
		Cash money (%)	Debit and other cards (%)	Credit card (%)
Belgium	0,74	0,58	0,11	0,04
Holland	0,65	0,48	0,17	0,17
Norway	0,49	0,15	0,23	0,23
Sweden	0,40	0,22	0,15	0,03

The statistical figures in the table show that the volume of costs related to the organization of cash transactions is very high compared to the cost of money transactions organized using other retail non-cash means of payment.

Currently, commercial banks are operating effectively in the money transfer market. Today, money can be sent in 3 ways. These are:

1. Through the international money transfer system ("UNI Stream", "Money Gram", "Zolotaya korona");
2. Through the international SWIFT system;
3. Through the postal service [12].

Several international money transfers are offered to clients, such as "UNI Stream", "Money Gram", "Zolotaya Korona". Taking as an example, "Money Gram" is a fast international money transfer system. "Money Gram" is a system for making international money transfers without opening an account for clients at 227,000 points in 190 countries of the world. This system takes the 2nd place in the world in terms of the number of service points and the level of service.

The following commercial banks operate in the "Money Gram" international money transfer system in the Republic of Uzbekistan:

- "Ipak yuli" AITB;
- "Hamkorbank" ATB;
- "Invest Finance Bank" ATB;
- ATB "Kishlokkurilishbank".

Modernization of user telecommunication systems to provide remote services to bank customers led to the emergence of a new concept of organization of banking activities, Dialog banking. According to this concept, multi-functional information machines relieve employees from hard work, and employees themselves are directed to provide intelligent service in close relationship with customers.

The creation of self-service zones will lead to a sharp reduction in the workload of the bank's operating room specialists, and at the same time to a reduction in the number of executives. In addition, an increase in the number of automated devices equipped with special banking equipment is being organized. These installed automated devices provide 24-hour service to the population in market areas and crowded places, as well as reducing the volume of retail banking services directly through the bank.

The number of bank plastic cards, ATMs and infokiosks, payment terminals in Uzbekistan [13]

Types	2018 year	2019 year	2020 year	2021 year	2022 year
Number of issued bank cards (thousands)	19226	17686	20547	25776	27106
Volume of annual transactions through bank cards	52972,0	63713,5	71020,0	81000,0	111137,0
Number of payment terminals	235712	244913	392361	438410	433384
Near infokiosks and ATMs	5632	6859	9203	11800	12940

According to the table, as of January 1, 2022, the number of plastic cards in circulation in our republic is 27106 million. In the last five years, the number of bank cards has increased dramatically. Due to the increase in the number of issued plastic cards, it can be seen that the volume of bank card transactions has significantly increased in the last five years. From this, it can be concluded that the production of plastic cards by banks has expanded, which indicates the expansion of remote banking services. As of January 1, 2022, the total number of installed ATMs and kiosks is 12,940. We can see that this indicator has increased by 7308 units compared to the situation in 2018.

Conclusions and suggestions

Today, the main task of commercial banks is to increase the popularity of retail banking services and to further improve these banking services. To achieve this goal, the following measures should be taken in the bank's activity:

1. It is necessary to ensure the safety of the funds of the users of bank plastic cards and the security of payment. In doing so, commercial banks should offer security services that are acceptable to customers to ensure that their funds are safe. For example, when a client receives a bank plastic card, he needs to open another bank account in addition to the one opened. In it, the client who has the opportunity to keep funds for daily use in the main account and the rest in the second account, will achieve full preservation of funds, and the bank will have additional resources. This operation is used in commercial banks in many developed countries.

2. Standardization and automation of the process of delivery of retail banking services by commercial banks. Also, expanding the range of retail banking services and improving their quality.

3. Ensuring payment for terminals from Visa, Mastercard, Union Pay international system cards in the domestic market.

4. Organization of introduction of virtual plastic cards.

In conclusion, it can be noted that the development of bank card transactions, the possibility of introducing the scoring credit system, the gradual development of services such as "Internet-banking", "SMS-banking", and the improvement of services such as money transfers, electronic payment, are the development of retail banking services in our republic. determines the prospects.

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