

PROSPECTS FOR EXPANDING THE DIRECTION OF COMMERCIAL BANKING

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Abstract

The current competition is a new requirement to introduce modern banking products and services based on digital technologies. To improve the competitiveness of the domestic banking sector, it is necessary to master new types of banking activity and expand the range of existing banking operations. As you can see from foreign experience, the introduction of modern technologies into the structure of banks will help. As a result, this will lead to an increase in the efficiency of operations and an increase in profits.

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The research aims to identify prospects for the development of banking business based on the introduction of modern innovative technologies. The objectives of scientific work:

1. identifying problems that hinder the introduction of innovation in their banks;
2. analyze which of the innovations can be implemented;
3. to determine the prospects for the development of the domestic banking business.

Hypothesis: Banks must use innovative technologies to ensure that they live in a competitive environment.

Research methods: deduction, induction, analysis, comparison.

Results achieved: Based on foreign experience, the need to use innovative technologies in banks has been approved and recommendations are made for their implementation.

The main type of activity that banks operate is traditionally lending. At the same time, many of them are mainly focused on consumer lending, to a lesser extent - mortgages and lending to private individuals. Moreover, these species are the least dangerous for banks. Therefore, they are economically incorrect to buy expensive scoring systems and spend money to improve the quality of their borrowers' appraisals.

However, the banking system has risen to a new level of quality. Consumption reaches the goal of obtaining excessive income through lending. Banks need to develop new banking products and services. Whoever takes the lead role will have significant competitive product advantages.

Here the bank is a locomotive for the introduction of new products and services, which is the driver of growth of the whole domestic banking sector.

Banks have traditionally been pioneers in implementing innovation. Therefore, the use of advanced technologies in the domestic banking sector will certainly entail changes in other areas, which will negatively affect the competitiveness of its economy and its growth rates.

The expansion of innovative banking activity in the country is carried out through the massive introduction of advanced digital technologies and the introduction of unconventional banking services in all areas of banking activity.

The large-scale introduction of digital technology in domestic credit institutions will reduce costs, attract new customers, and improve the effectiveness of transactions. Banks in the digital technology industry do not lag behind world banks, sometimes surpassing even them. The main reason for this is because this has been relatively recently formed, thanks to which it has made it possible to use best practices and do the best practices.

A pandemic in the world has revealed new needs in the banking services market. Modern realities have led to the possibility that most banking products can now be made online. Shortly, some credit institutions will switch entirely to online formats. The use of advanced digital technologies directly affects the profitability of banking operations.

The Uzbek banking sector has long worked towards conducting online transactions. The pandemic has only fueled this trend. So many banks have long planned to transfer documentary and currency transactions to online consulting mode altogether, canceling the relevant departments.

RBC forecasts that digitization could reduce banks' costs by 10-15%. However, we can not stand there. Digitalization involves not only the transition to remote work format. The leaders will be the first to learn to understand their customers and build an ecosystem around their needs.

Therefore, it is necessary to introduce modern digital technologies in all areas of banking activity. Big data technologies are now being discussed more and more often. As practice shows, *Big data tools are effective* due to the following in all areas of operation:

1. reduce costs and improve business efficiency;
 2. optimization of targeted marketing by forming a targeted product;
 3. improving the safety of operations;
 4. reduction of credit risks;
 5. promotion of current financial forecasts, as well as strategic planning;
 6. improving the efficiency of personal work;
- get reports quickly.

However, there is still a lot of talk about Big Data in terms of the U.S. -- they announce the use of the technology, but few people understand what it is. Banks are trying to implement these technologies, but most of them have not yet received real commercial income.

One of the main reasons hampering the introduction of Big Data **in U.S. banks** is the lack of financial resources. So, according to *McKinsey & Company*, the use of advanced analytics and *Big Data technology* accounts for 30-40% of the overall revenue structure of world leaders in the banking market.

However, *Big Data* is just one of many new digital technologies. As the experience of foreign banks shows, the future of this industry lies in the use of robotics, the sale of videos, and the development of artificial intelligence. At this stage, they are already introducing experts widely to headquarters who use continuous decision-making support systems in working with clients, from attracting customers to serving them. **Built** into the CRM platform are scoring solutions accounts, personal recommendations and tips, and commercial analytics.

The development of non-traditional banking services is another promising area of banking activity. Banks are increasingly reminded of their departments, where the customer can get any service or product at any time. The more such offers the bank can offer, the more loyal it will have a customer base. The future belongs to financial supermarkets.

To expand the product line, banks need to develop partnerships with third-party firms and developers that provide software, supply, etc. This allows financial institutions to produce radically new products based on digital technology. For example, Russia's **Tinkoff Bank** launched an online mortgage broker service, **Otkritie Bank** identifies the user by photo when making transfers. And giants such as **VTB** and **Sberbank** have already implemented predictive analytics to create individual offers.

The widespread introduction of such technologies allows banks to move from a traditional format to a financial ecosystem. This means that in addition to banking services, credit institutions provide more and more telecommunications, retail, and other services.

Thus, it belongs to banks that follow the future and offer modern banking products and services, including non-banking services. One possible option for improving the quality of innovative activities is the creation of a new business - a bank, which can be incorporated into the ecosystem.

As you can see from the experience of developed countries, it is recommended to create our innovation laboratories for the development of new products. There are specialized centers such as **Standard Bank** (South Africa), **Capital One** (US), and **Commonwealth Bank** (Australia). Only a few banks can boast about having labs. However, even if banks have such laboratories, they are increasingly engaged in learning new mechanisms for working with the customer base. In particular, **Sberbank** announced the development of a neurosurgery and human behavior laboratory, which should help improve the performance of employees of this structure. **Otkritie**, **Sberbank**, and **VTB** are trying to divide customers by psychological types. This allows you to choose the right way to communicate and reduce the likelihood of problematic situations occurring. So, our labs don't develop new products but figure out how to buy a customer.

So the banking system is on the verge of global change. They affect the product line, the introduction of innovative technologies, and changes in the bank's business model itself. Only banks that adhere to these principles will be competitive.

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