

WAYS TO DEVELOP BANKING ECOSYSTEMS IN UZBEKISTAN

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In the context of a developing market, political events and their economic consequences, the transition to a new technological regime, and increased competition create difficulties for all financial and credit institutions. Leading financial and credit institutions of the world are taking active measures to adapt to new conditions, which will form new standards in the banking business.

Therefore, at the present stage, the further activity of the banking sector is connected not only with the banking system, but also with the state of development of innovative technologies, which have become the information vector of the entire financial sector and the country's economy. The growth of the quality and range of banking products is based not only on their development, but also on increasing the transparency of data access by both clients and the banks themselves.

The vast capabilities available to banks for working with big data allow, among other things, to direct flows in digital commerce, create unique offers for them, and integrate them with other resources. All of this can work to provide banking services within the framework of the financial infrastructure.

Factors actively stimulating the development of the fintech sector were the penetration of the Internet around the world, as well as digitalization processes that have encompassed almost all spheres of human life, including the financial sector.

In developing countries, a large part of the population does not have access to banking services, consumer banking is poorly developed, but at the same time there is a high level of mobile communication.[4] In our country, as a result of the decrease in the demand for cash and the expansion of non-cash payments in recent years, the number of payment terminals installed in retail and service outlets has increased significantly. As a result of the development of the system of payments by plastic cards in the republic, the need for cash is decreasing year by year. In particular, in recent years, the average amount of cash withdrawn monthly from ATMs has decreased by 12-15 percent compared to 2005.[12]

Moreover, the financial technology industry received a strong impetus for development in the context of the last global financial and economic crisis that began in 2008. During this period, the population began to lose confidence in traditional financial products and instruments. At the same time, various studies conducted in relatively developed and developing markets show that public distrust of the traditional banking system persists, and they frequently use fintech services. In addition, the audience of fintech projects is non-bank and not fully serviced by

banks. Today, new generation technologies directly related to the Internet are also being introduced to the financial market.

The introduction of new technologies did not contribute to increased competition in financial markets. The offer of new products is being expanded and personalized against the backdrop of simplified access to them. The boundaries between financial products and lifestyle-oriented services are gradually blurring, setting new standards. New flexible business models are emerging and developing, allowing them to operate in new market voids. Innovations also help improve business operations.

In addition, financial control is being changed. Often, new technological financial products/services of the business model are outside the framework of existing legislation. Regulators study the technologies being implemented and work with traditional and emerging actors to develop effective rules. In addition, global regulators now understand the need to form the necessary infrastructure for the long-term sustainable growth of the financial technology sector, such as the creation of an open banking system, biometric systems, etc.

In our country, at the end of December 2017, the Central Bank announced that it would begin implementing remote consumer identification in 2018, which will allow all banking operations to be carried out through a mobile application or website (without visiting offices), thereby turning banks into IT companies.[2]

Some functions of "digital" banking are already used by some commercial banks of the republic, but in Uzbekistan there is still no practice of using open banking services, i.e., a fully "digital" bank, therefore the implementation of the API will allow clients to access more personalized resources for obtaining data in real time, making banking decisions.

In addition, outdated banking rules also hindered the development of digital banking. The government intends to address these and other factors by directing them to "digital" banks. Thus, in the near future, banks without a completely "digital" physical office, but providing the most convenient remote services, may appear in the country.

Now the functionality of the applications is much wider: customers can remotely not only open deposits and exchange currency, but also apply for a loan, order a card, transfer money to a card, receive a transfer, manage accounts, make payments for goods, and use other services. However, the complete digital transformation of the industry has not yet been implemented. Market experts note that the level of digitalization of the industry is still low. Banks are still at the beginning of the road and still far from being recognized as digital.

"Digital" banking is not just technology, but a change in the paradigm of relationships between people, and it is most convenient to do this with the help of technology. By creating an application and adding information about the addresses of branches there, the bank will not become "digital."

In Uzbekistan, conditions are being created for the activities of digital banks. From now on, improving remote banking services through innovative banking technologies will be one of the main tasks of the Central Bank. For this purpose, the development of the payment system, including the organization of interaction of information systems of banks in the provision of remote banking services that allow managing accounts and conducting banking operations in real time, was identified as a priority area for the development of the Central Bank's activities.[7]

In addition, to increase the efficiency of data collection and analysis in the banking system, it is necessary to introduce a modern system for assessing banking risks and accelerate the widespread use of innovative technologies.

Over the past few years, Uzbekistan has made significant progress in the development of the banking sector. Most banks began to offer their products and services through digital channels, mobile applications became more convenient, and functionality expanded significantly.

Also, by Presidential Decree of October 5, 2020, the "Digital Uzbekistan - 2030" Strategy was approved. It also details the target indicators for the development of digitalization for banks, broken down by regional conditions.

Thus, thanks to the steps taken several years ago, today Uzbekistan is not among the outsiders in digitalization, but has the opportunity to expand and accelerate the scale of digital solutions, which, of course, serves the interests of the entire country's population.

In general, ensuring the relevance of developing the necessary infrastructure to support the "Digital World" and finding solutions to existing problems in the implementation of banking financial technologies against the backdrop of rapidly developing technologies will be important for maintaining competitiveness in the banking system, both in banking services and in the development of the economy.

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