



IMPROVING THE EFFICIENCY OF THE BANK BASED ON THE DEVELOPMENT OF BANKING SERVICES

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Annotation: *This article analyzes the issues of improving banking efficiency through the development of banking services. In the modern environment, special attention is paid to digital technologies, a customer-oriented approach and the introduction of new services. The study provides important practical recommendations for the sustainable growth of the banking sector.*

Annotation: *V dannoy state analiz ruyutsya voprosy povysheniya effektivnosti bankov na osnové razvitiya bankovskix uslug. Osoboe vnimanie udelyaetsya sifrovym tekhnologim, klientoorientirovannomu podxodu i vnedreniyu novyx vidov uslug v sovremennyx usloviyax. Issledovanie predlagayet vajnye prakticheskie rekomendatsii dlya ustoychivogo rosta bankovskogo sektora.*

Аннотация: *В этой статье анализируются вопросы повышения эффективности банковской системы через развитие банковских услуг. Особое внимание уделяется цифровым технологиям, ориентированному на клиента подходу и внедрению новых видов услуг в современных условиях. Исследование даёт важные практические рекомендации для устойчивого роста банковского сектора.*

The keys: *bank; services; credit; deposit; efficiency; diversification; Digital Technology*

LOG IN

In the context of globalization of the world economy and accelerated development of digital technologies, the banking sector is undergoing continuous transformation. Today, banks seek to improve their efficiency through innovative



approaches, not just offering traditional financial services. The development of banking services will ensure the competitiveness of the banks, expand the customer base and obtain stable profits [Jorayev 2021: 15].

The relevance of the topic is that modern banking services require not only financial transactions, but also provide integrated solutions tailored to client needs. Especially in the conditions of Uzbekistan the processes of liberalization of the economy and market development require serious reforms in the banking system. The introduction of digital banking, remote services, artificial intelligence and blockchain technologies will serve to radically improve the customer experience, increasing the speed, transparency and affordability of banking operations [Berdiyev 2022: 45].

The main purpose of the study is to analyze trends in the development of banking services, determine their role in improving the banking efficiency and develop practical recommendations for the activities of commercial banks in Uzbekistan. To achieve this goal, the following tasks were identified:

1. study of theoretical foundations and evolution of banking services.
2. To analyze the types of modern banking services and the main directions of their development.
3. Assessing the impact of digital technologies on the efficiency of the bank.
4. Formation of proposals on improving the efficiency of the banking system of Uzbekistan.

If we look at the history of the problem, the development of banking services has gone through different evolutionary stages. And if the first banks were mainly engaged in accepting deposits and issuing lending, during the Industrial Revolution they introduced services such as trade finance and dealing with securities. With the introduction of information and communication technologies in the second half of the 20th century and the beginning of the 21st century, banking services have diversified, and the share of remote and electronic services has significantly increased [Omonov 2018: 34]. Previous research suggests that the effectiveness of



banking services depends on various factors. For example, in Peter Drucker's management theory, rational use of resources and the introduction of innovation are important factors for achieving efficiency [Drucker 1999]. In his research, Shaffaf Mullashev stated that diversification of banking services and improving their quality serve the sustainable development of banks [Mullashev 2020]. Also, the theory of competition of Michael Porter [Porter 1985], one of the foreign scholars, plays an important role in the formation of banks' market strategy, in improving the types of services. Scientists from Uzbekistan Sh. Zaynutdinov, N. Gozibaev, M. Boltabaev conducted a number of scientific works on the issues of development of the local banking sector, digitalization and introduction of new services [Zaynutdinov 2019; Goziboyev 2021; Boltaboyev 2023]. Their research indicates diversification of banking services and a customer-oriented approach as one of the main factors for improving the banking efficiency. This article builds on the above studies, in-depth them in the context of the economy of Uzbekistan and develops additional practical recommendations.

BASIC SECTION

Systematic analysis, comparative analysis, statistical analysis, economic and mathematical modeling and expert estimation were used as research methods. In particular, the financial statements of commercial banks, data of the Central Bank of the Republic of Uzbekistan, as well as domestic and foreign scientific literature are analyzed, to assess the main trends and impact of banking services development on the efficiency. Banking services are understood to be the provision by banks to customers (individuals and legal entities) of monetary and credit operations, payments, securities handling, consulting and other financial services [Kochkorov 2022: 67]. Modern banking services include along with traditional services (deposits, credits, payments) and the following new directions:

1. Digital banking services: mobile banking, internet banking, payment applications, blockchain-based transactions.



2. Investment banking services: work with securities, asset management, corporate financing.

3. Fintech solutions: remote identification, credit systems based on artificial intelligence, personalized offers.

4. Consulting and consulting services: financial planning, business consulting, risk management.

The results obtained showed that diversification of services plays a very important role in improving the efficiency of the Bank. For example, the high share of traditional lending in the portfolio of commercial banks of Uzbekistan increases the credit risk. By diversifying, banks ensure their financial stability by creating different sources of income [Sharifkho'jayev 2020: 38]. For example, banks such as "Kapitalbank" and "Aloqabank" offer not only payments through mobile applications, but also services such as online loans, currency exchange, and remote opening of deposit types. This saves time for visiting the bank and reduces operational costs. The emergence of virtual banks in world banking practice is also a vivid example of service diversification. For example, DBS Bank in Singapore has launched the Digibank project, providing full digital services to customers and has been able to reduce operating costs by up to 80% compared to traditional banks [World Bank Report 2023]. The introduction of digital technologies has a significant positive impact on the Bank's efficiency. The speed, accuracy and cheapness of transactions carried out through digital platforms have a positive effect on the dynamics of the bank's profit. Through automation processes, the impact of human factor is reduced, which reduces the likelihood of making mistakes and allows for faster customer service. In particular, Smart banking systems, for example, allow banks to analyze the financial movements of their customers and offer them personalized financial products. This contributes to the sale of services and the growth of bank revenues [Abdullayev 2020: 56]. Another of the new types of services is solutions that are being created in collaboration with fintech companies. These partnerships allow banks to leverage innovative technology, while fintech



startups benefit from banks' large customer base and trust. As a result, a synergistic effect occurs on both sides. For example, P2P (peer-to-peer) lending platforms help banks offer lending services to a wider audience, while requiring new risk management methods that are not available in traditional lending [Umarov 2021: 89]. A customer-centric approach is also important to improve the Bank's efficiency. In-depth study of customer needs, offering them individual solutions allows the bank to attract and retain customers. This increases customer loyalty and strengthens the bank's position in the market [Yunusov 2023: 112]. For example, the system of individual managers of "Orient Finans Bank" and special service packages for VIP clients serve to expand their customer base.

Diversification of services and digital transformation are the important strategic directions for commercial banks of Uzbekistan. In particular, banks can improve their efficiency by developing specific service packages designed for small and medium-sized businesses (SMEs), expanding financial products in the agrobanking sector, as well as introducing modern instruments that support export-import operations [Mirzayev 2022: 23]. Taking into account the conditions of the Central Asian region, optimizing services related to foreign exchange and strengthening integration with international payment systems is also an urgent task [Akhmedov 2023: 55]. The use of artificial intelligence (SI) and machine learning (MO) technologies by banks and the possibilities for big data analysis (Big Data) are expanding day by day. For example, the use of SI in credit risk assessment provides higher accuracy compared to traditional methods, which can help minimize the bank's potential losses [Ismailov 2021: 78]. Also, the MO algorithm is an effective tool for predicting customers' financial behavior, offering products that match them, and detecting fraud cases. For example, JPMorgan CHASE [JPMorgan 2023] used SI in its Fintech Model Development department, accelerating credit decisions and improving operational efficiency. Blockchain technology, on the other hand, has great potential in providing transparency and security, especially in international money transfers and securities trading [Rajabov 2022: 43]. Research on the



introduction of regulated digital currencies by the Central Bank is also one of the future development trends of banking services. This, in turn, will significantly reduce the operational costs of the bank and increase the speed of the service.

It should be noted that the development of banking services requires not only technological innovations, but also professional development of bank employees. It is necessary to invest in the potential of human resources to use new technologies, provide an individual approach to customers, and maintain a consistently high level of service quality [Komilov 2020: 88]. Banks should also revise their marketing strategies, because now competition is determined not only by prices, but also by the innovation of services and the convenience provided to customers. Implementation of advertising and advocacy campaigns through digital channels, such as social networks and mobile applications, serves to increase the brand value of the bank by enhancing communication with customers [Safarov 2023: 75].

CONCLUSION

Development of banking services is the main driving force prevailing efficiency of modern banking sector. Studies have shown that banks can reduce their operating costs, increase customer loyalty, and expand their revenue base by widely introducing digital technologies (mobile and internet banking, artificial intelligence, blockchain), diversifying the range of services, activating a customer-centric approach, and strengthening partnerships with fintech companies. The above-mentioned measures significantly improve the competitiveness of the banks and ensure their stable growth.

Further research should be aimed at developing a methodology for quantitative assessment of the quality of banking services, studying the impact of digital transformation on banking risks, as well as analyzing the effectiveness of using artificial intelligence to personalize banking products. It is also important to study in depth the mechanisms for implementing the principles of "green banking" and social responsibility in the banking system of Uzbekistan. Research in this



direction helps the banking sector to develop more effective and sustainable development strategies.

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