



## The Role Of Distance Banking Services In The Context Of Integration Processes

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### ABSTRACT

This article describes in detail the essence, advantages of "Distance banking services", "Internet-banking" and "Mobile-banking" in the context of integration processes, remote services in the banks of the country and their status. Statistical analysis of users of remote banking systems was carried out, as well as comparative analysis with world indicators. It also suggests the interdependence of factors influencing the development of distance banking services and ways to further improve it.

### KEYWORDS

Internet-banking, mobile-banking, banking, customer, cost, transaction, IT-technologies, distance banking services.

### INTRODUCTION

The development of the digital economy in our country, in particular, the expansion of distance services in the banking system, brings a number of benefits to the population and businesses. In particular, the convenience of solving problems related to banking services in real time, reducing the time and transaction

costs, as well as their implementation anywhere in the world.

Provision of distance banking services is a complex of "distance banking services", "online banking services", "internet banking", which allows you to perform various banking operations remotely. It is enough to use such

convenient services via computer or mobile phone without visiting banking institutions.

Of course, the widespread introduction of IT technologies in the banking system, the acceleration of digitization processes and the introduction of the experience of developed foreign banks is a modern requirement.

In his Address to the Oliy Majlis on December 29, 2020, President Shavkat Mirziyoyev said, "In 2021, the transformation of 32 large enterprises and industries of strategic importance will be carried out. We will focus on the widespread introduction of digital technologies in the activities of banks, "" In 2021 we will prepare for the privatization of Sanoatqurilishbank, Asaka Bank, Ipoteka Bank, Aloqa Bank, Turon Bank and Qishloq Qurilish Bank. The state's stake in at least one major bank will be sold in full to strategic investors. Negotiations are underway with leading European banks in this regard", he said [1].

### The Main Part

Indeed, today in the country there are investment projects on radical reform of the banking system, modernization of banks with digital technologies, introduction of convenient distance banking services for all segments of the population, as well as restructuring of the economy, modernization of basic industries, technical and technological re-equipment. Much attention is paid to strengthening its participation in the implementation and further increasing its resource base and capitalization.

In general, the formation of banks dates back to the XVIII century, while the emergence of the first forms of today's distance banking services dates back to the second half of the XX century.

The influence of digital technologies is a key factor in the development of distance banking

services. In 1970, banks introduced ATMs as communication channels, then in the 1980s, telephone technology, in the 1990s, Internet banking, and in 1990-2000, mobile banking services changed banking technology [2].

According to V.K. Spilnichenko, remote servicing of a bank account is a set of information services and operations on a customer's account are performed on the basis of an assignment without visiting the bank. The system of remote servicing of bank accounts is explained by the customer's access to the bank's database through the telecommunications system [3].

It follows that the system of remote services in banks can be divided into two types depending on the nature of the services provided to customers: information and transactional services.

### RESULTS AND DISCUSSION

According to Z.T. Mamadiyarov, in essence, there is no sharp difference between the traditional and remote organization of relations between the bank and the customer. The need to serve the bank's customers remained the same, only the communication channel connecting the bank and its customers has changed. In other words, it is now possible to carry out operations remotely, which can only be performed by bank customers at the bank [4].

Today, all users of the Internet and mobile communications are prospective customers for banks, and to demonstrate the advantages of remote services: by attracting these potential customers to the bank will depend only on the actions of this bank. This is because an individual who keeps his money in a bank can not only get information about his account through Internet-banking, but also pay for the use of mobile communications, Internet, television, utilities and many other services [5]. It also increases access to the Internet of Things (IoT) market and provides similar conveniences.

All this is aimed at improving the living conditions of the population, the full use of modern scientific and technological advances.

According to the online publication DataReportal, in the third quarter of 2020, the

world's population will reach 5.2 billion. (66.6% of the world's population) are mobile phone users, with 4.7 billion. (59.7%) are Internet users, 4.1 billion. (53.0%) are active social network users, 4.3 billion. (54.8%) are Internet users on mobile phones (Table 1).

Table 1

**Number of internet and mobile internet users worldwide<sup>1</sup>**

Nº	User content	Number of users (billion people)	In relation to the total population number percentage
1	The total population of the world	7,81	100,00
2	Mobile phone users	5,2	66,58
3	Internet users	4,66	59,67
4	Active social network users	4,14	53,01
5	Mobile internet users	4,28	54,80

According to the analysis of these indicators, the population of the country is 22.1 million. (64.1% of the total population) are Internet

users and 19.0 mln. (55.1%) are Internet users on mobile phones (Table 2).

Table 2

**Number of Internet and mobile Internet users in Uzbekistan<sup>2</sup>**

Nº	User content	Number of users (billion people)	In relation to the total population number percentage
1	Total population	34,5	100,00
2	Internet users	22,1	64,06
3	Mobile internet users	19,0	55,07

This shows that the number of Internet users in our country is 4.39% higher than the global average compared to the total population, and the number of Internet users on mobile phones is 0.27% higher.

This indicates that the majority of the population can use banking services provided

through mobile applications in their daily lives, and the need for this is growing day by day. In particular, the number of users of distance banking services in 2020 will reach about 10.2 million. Of these, 9.5 million were individuals and 0.7 million were legal entities. This figure is 2.2 million more than in 2019. increased by 7.6

<sup>1</sup> <https://datareportal.com/reports/digital-2020-october-global-statshot>

<sup>2</sup> Data of the Ministry of Information Technologies and Communications of the Republic of Uzbekistan, <https://mitc.uz>

mln. individuals and 0.3 mln. of which were legal entities (Figure 1).

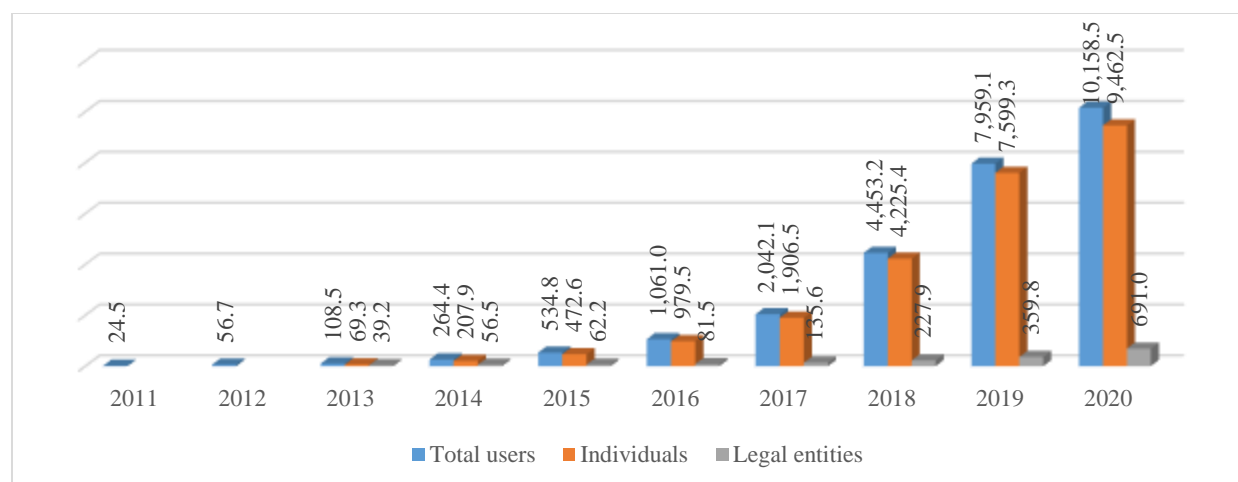


Figure 1. Number of users of distance banking services<sup>3</sup>

The rapid development of mobile banking has led to an increase in the number of digital banks operating without opening branches and outlets. They are especially popular among the population who use smartphones to make financial transactions. As a result, it offers apps that allow consumers to manage their money remotely. As a result, visits to bank branches are declining from year to year.

In our opinion, modern information technologies and software allow customers to use banking services with maximum convenience and minimize time and financial costs in working with the bank.

Another advantage of remote service by banks is the transparency of service and the reduction of the human factor, which in turn leads to the complete elimination of corruption.

In general, the digitization of sectors of the economy is a major enemy of corruption and the shadow economy. This is because the types of services provided by banks and the fees charged, as well as other information, are the same for everyone and are offered in a convenient and understandable way. The user has the opportunity to choose the bank and the type of service, saving his time and money (visiting several banks, travel expenses, etc.).

Another important aspect of digitalization of the industry is that all the suggestions made by the service provider and the data entered by the user are stored in the memory of information technology and provide information quickly when needed. In this case, it is not possible to give special opportunities to one customer or to ignore the information provided by another customer or to limit its opportunities, to make secret deals. This, in

<sup>3</sup> Data of the Central Bank of the Republic of Uzbekistan, <https://cbu.uz/uz/payment-systems/remote-banking-services/>

turn, guarantees equality and transparency of banking activities for all.

The main goal of commercial banks is to attract customers in a competitive environment and strive for high profits. Having a high position in the market of services in interbank competition, one of the most promising areas of development in the market of certain banking services is the development of modern banking services.

Distance banking services are different from traditional banking services:

- Modern banking services can be used by the customer from anywhere from his mobile phone or computer;
- The client does not face long queues or other bureaucratic obstacles when using distance banking services;
- Customers are free to manage their accounts at any time and have the opportunity to monitor the process.

Today, real-time card-to-card money transfer (P2P) transactions, tax, budget, utility and other payments, micro-borrowing and loan repayment, online deposit, deposit and loan (credit) accounts are all available through the mobile applications of commercial banks. wide

openings, international bank card payments, online conversion operations and other distance banking services.

As more and more people use mobile phones in recent years, financial services are also organized within these means of communication [6].

According to the online publication PwC, an increasing number of people prefer to use banking services on their smartphones. With the help of mobile banking, the bank and its customers can manage money without physical contact, without going to the bank building.

Distance banking services cannot be imagined without ATMs and info kiosks. These simple-to-use devices today serve as a kind of mini-bank office, ending the traditional interaction between customer and cashier. Each bank opens branches for HUMO and UZCARD plastic cards in convenient places for the population.

This provides the population with fast and high-quality services in the payment of utility bills, budget payments, cash withdrawals and currency exchange. It should be noted that customers can use ATMs and kiosks of any bank. The number of installed ATMs and kiosks has reached almost 12,000 (Figure 2).

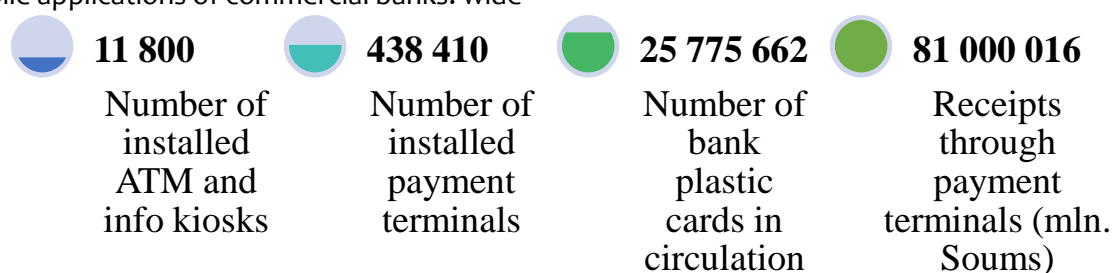


Figure 2. Receipts through bank plastic cards, terminals, ATMs and info kiosks, as well as payment terminals<sup>4</sup> (2020 y.)

<sup>4</sup> Data of the Central Bank of the Republic of Uzbekistan, <https://cbu.uz>

At present, all utilities, budget payments to the Treasury of the Ministry of Finance, tax and customs duties, notary and FXDYo payments, fines to the Ministry of Internal Affairs, Public Service Agency payments, UzAuto Motors are included in the banking infrastructure through the clearing system of the Central Bank.

Payments for cars, payments for cadastral services, as well as for mobile communication, Internet providers and many other services can be made and reflected in real time by accurate identification of the payer through the billing system of service providers.

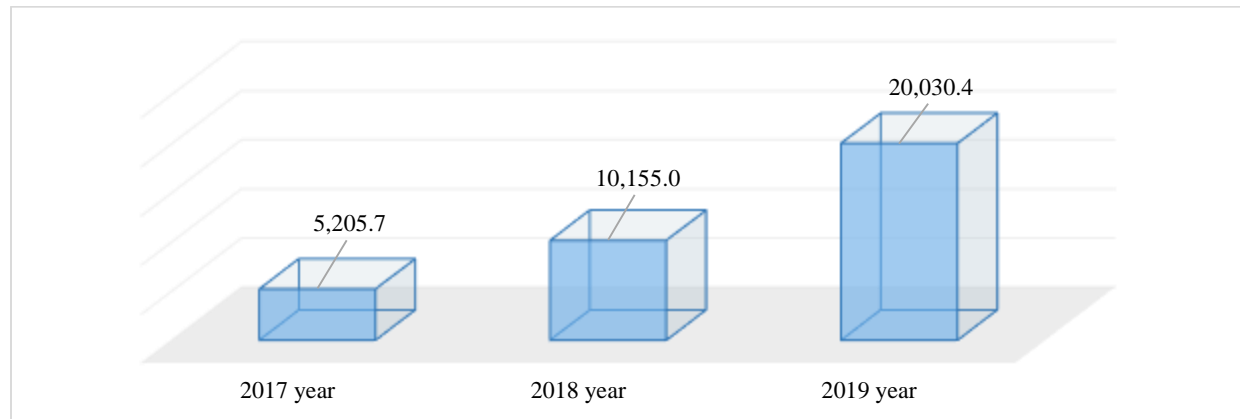


Figure 3. The amount of transactions made through the Central Bank's Settlement Clearing System<sup>5</sup> (billion sum)

The clearing system of the Central Bank also performs the function of the "Settlement Bank" for the implementation of clearing operations on the results of transactions with retail payment systems (Uzcard and Humo) in the country by bank cards.

There is also a growing number of agencies and organizations that want to make payments in real time through the integration of the central bank with the clearing system of accounts. To date, payments for a total of more than 30

services through the clearing system are made in real time.

In addition, according to President Shavkat Mirziyoyev, next year the interbank foreign exchange market will be transferred to the

"online" platform, which will allow entrepreneurs to buy currency directly from

the bank. As a result, entrepreneurs will be able to buy currency in half an hour, instead of the current 4 days" [1].

<sup>5</sup> Data of the Central Bank of the Republic of Uzbekistan, <https://cbu.uz>



Based on the research, it should be noted that today there is no industry where digital technologies have not penetrated to some extent. For example, the list of "smart home", "smart farm", "Internet banking", "Internet of Things", "e-government" can be long.

This means that the process of mutual integration of various industries and sectors at home, industry, network, state and world is intensifying. This also affects the development of distance banking services.

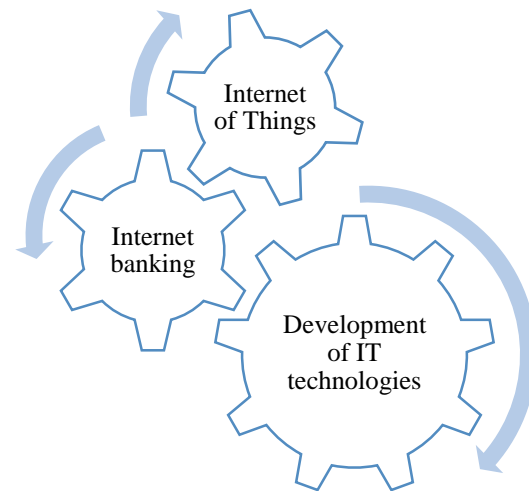


Figure 4. The main factors in the development of distance banking services<sup>6</sup>

In our opinion, for the further development of distance banking services, it would be expedient to take into account the following:

1. Today, almost every bank has created its own mobile application. However, some or all of these applications do not work. This is discrediting banks and undermining trust. In this regard, it is necessary to pay more attention to the quality of the bank's mobile applications and the expansion of services in it;
2. There are difficulties in the use of Internet-banking and Mobile-banking, as well as in the installation and adjustment of applications on computers and mobile phones. This is because the use of a single remote banking service is based on the integration of several programs. It is necessary to simplify these cases or automate the settings;
3. It is necessary to develop optimal ways of remote lending, in particular, to increase

the share of consumer loans and overdraft loans;

4. Introduction of electronic receipts for services that require various receipts;
5. It is necessary to improve the information and telecommunications infrastructure in order to increase the interruptions in the Internet network and its speed;
6. Reducing the cost of using the Internet on the basis of tax benefits for mobile companies, etc.

## CONCLUSION

In short, the role of distance banking services in today's integration process is growing. This is because, first of all, social relations, and later, the demand for remote control of economic relations on the basis of digital technologies is growing. In particular, it is no secret that the e-commerce system is developing and the share of this sector in the country's GDP is growing. Therefore, the development of distance banking services is aimed at creating favorable conditions for businesses and the population.

<sup>6</sup> Created by the author.

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