

SOCIO-ECONOMIC DIRECTIONS OF TRANSFORMING THE BANKING SECTOR IN UZBEKISTAN

Bozorova Nargiza Tolibjonovna

*Lecturer, Department of Economics,
Asia International University*

Annotation: This article examines the main trends of transformational changes in the banking services market of Uzbekistan. Market trends for increasing the competitiveness of commercial banks at the current stage of development of the banking services market are analyzed. A new approach is developed as a means of forming the competitive potential of a multifaceted bank.

Keywords: banking transformation, mobile banking, fintech innovations, digital banking, settlement systems, Payme

As many countries, Uzbekistan is likely to witness a significant shift towards digital banking. This includes online banking, mobile banking applications, digital wallets and other fintech innovations. This trend is associated with the penetration of the Internet, the use of smartphones and the convenience offered by digital banking channels.

Banking transformation is the use of digital technologies to improve existing business models and increase the efficiency of banks.

Digital transformation is the transformation of banking structures based on the use of digital technologies, changing the focus of activities, ensuring the creation of new services and capturing new market opportunities.

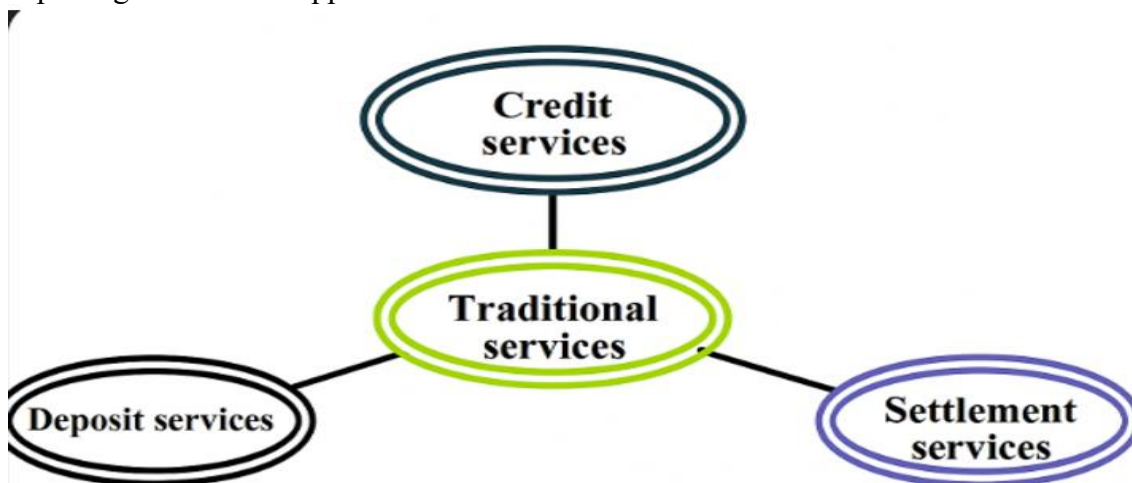


Figure 1 Traditional banking services

The financial industry continues to evolve, with increasing regulatory requirements aimed at protecting depositors and ensuring the stability of the banking system. Deposit services are a key component of the banking industry and play a critical role in supporting economic growth, financial stability, and the well-being of individuals and businesses. Settlement services may not be the most relevant aspect of finance, but they are absolutely essential. These services, provided by banks and financial institutions, form the foundation of the modern financial system, ensuring the smooth and efficient transfer of funds between parties. Settlement services involve the final transfer of funds or assets between parties after a financial transaction has been agreed upon. They are essential to a wide range of financial activities. Once a transaction is

made, it is irrevocable, ensuring that both parties fulfill their obligations. Billing systems are designed with robust security measures to protect against fraud and unauthorized access.

Modern settlement systems are highly automated, reducing processing times and reducing errors. Efficient settlement services strengthen trust in the financial system and ensure that transactions are executed reliably. Economic stability contributes to the smooth functioning of the economy by facilitating the flow of funds between individuals, businesses and governments.

Modern settlement systems support financial innovation, which enables the development of new financial products and services. The future of settlement services is associated with increased automation and digitization, leading to faster and more efficient processing. Efforts are underway to simplify cross-border settlement processes, facilitating global trade and financial transactions.

Emerging technologies such as blockchain and distributed ledger technology are being explored to increase security, transparency and efficiency in settlement systems. Settlement services are an invisible but essential foundation on which the global financial system operates. They ensure the smooth and reliable transfer of funds, support economic activity, build trust, and foster innovation. Fintech companies are changing traditional banking models around the world. In Uzbekistan, there is a growing trend of partnerships between traditional banks and fintech startups to offer innovative financial products and services. This can include peer-to-peer lending platforms, robo-advisors, and blockchain-based solutions. Some fintech companies and startups in Uzbekistan have primarily focused on areas such as digital payments, money transfers, and financial inclusion.

Payme is one of the leading digital payment platforms in Uzbekistan. It allows users to make payments, transfer money, and make payments using their smartphones. Payme has gained popularity due to its convenience and ease of use, especially among the younger demographic and urban population. The Payme app was launched on March 25, 2016. Today, the Payme app itself has over 4,600 services, 73,600 partners connected to the system, and millions of users who regularly use this service. Also in April 2022, the company was named “The Best Digital Payment Services Provider in Uzbekistan in 2022” by the British financial publication The Global Economics.

Click is a digital banking platform offered by the National Bank of Uzbekistan. It provides online banking services, including account management, money transfers, settlement, and mobile top-up. Click has played a key role in the introduction of digital banking services in the country.

Humo is another digital banking platform in Uzbekistan launched by the Humo and Partners banking network. It offers a range of services including online account management, payments, money transfers and financial planning tools. Humo is expanding its services to meet the changing needs of its customers.

Portwallet is an Uzbekistan-based fintech startup focused on providing digital payment solutions for businesses. It offers services such as online payment gateways, e-commerce integration and invoicing solutions to help businesses simplify their payment processes and increase efficiency.

Cashpoint is a mobile wallet app that allows users to store funds, make payments, and transfer money using their smartphones. It aims to provide an alternative to traditional banking services, especially for the underserved and those who cannot access formal banking channels.

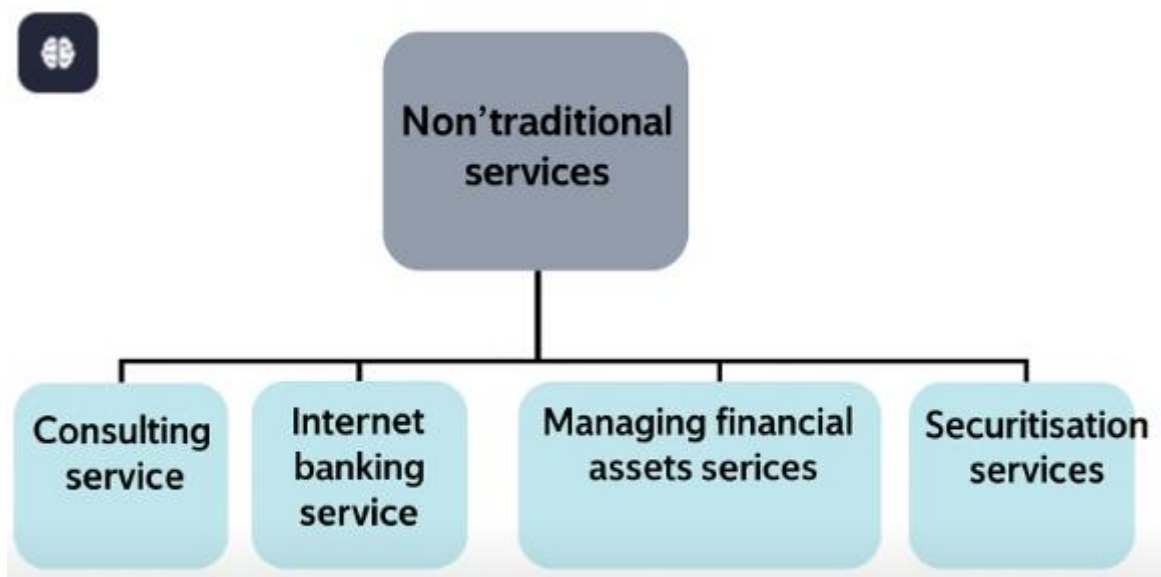


Figure 3. Non-traditional banking services

It is worth noting that the fintech ecosystem in the country has been developing further since then, with new startups emerging and existing ones expanding their offerings. For the most up-to-date information on fintech companies in Uzbekistan, it is recommended to consult local business directories, industry reports, or news sources covering the fintech sector in the country.

In summary, the formation and development of banking services in Uzbekistan during the recovery and growth phase is characterized by market liberalization, service diversification, technology introduction, regulatory reforms, financial inclusion efforts, and international integration. Together, these factors contribute to the transformation and maturity of Uzbekistan's banking sector, supporting the country's economic development goals.

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