

**DIGITALIZATION OF BANKING SERVICES AND THEIR EFFICIENCY IN THE
CONTEXT OF GLOBALIZATION: ISSUES AND PROSPECTS IN UZBEKISTAN****Ochilov Abbas Shokir ogli,**Higher School of Business and Entrepreneurship under the Cabinet
of Ministers of the Republic of Uzbekistan,
Master's student in Global Management,
Place of employment: JSC "Turon Bank"

Abstract: This article examines the process of digitalization of banking services in the context of globalization and analyzes its impact on the efficiency of the banking sector in Uzbekistan. Particular attention is given to the transformation of traditional banking models through the introduction of digital technologies such as mobile banking, internet banking, fintech solutions, and electronic payment systems. The study identifies key challenges faced by Uzbek banks in the digital transition, including infrastructure limitations, cybersecurity risks, regulatory constraints, and digital literacy gaps among customers. At the same time, the article highlights the opportunities created by digitalization for improving service quality, reducing operational costs, expanding financial inclusion, and enhancing competitiveness of the national banking system in the global financial market.

Keywords: Digital banking, globalization, fintech, Uzbekistan banking system, financial innovation, e-payments, banking efficiency, digital transformation.

Introduction. In the era of globalization, the banking sector is undergoing profound structural changes driven by rapid technological progress. Digitalization has become a strategic priority for banks worldwide, transforming the way financial services are delivered and consumed. In Uzbekistan, the transition toward a digital economy has been actively promoted through state programs such as the "Digital Uzbekistan – 2030" strategy, which aims to modernize the financial system and integrate it into the global economic environment.

The digital transformation of the banking sector in Uzbekistan represents a structural shift from conventional, branch-based service models toward integrated, technology-driven financial ecosystems. This process is closely linked to global trends of financial digitalization, where efficiency, accessibility, and customer-centricity serve as core indicators of modern banking performance. According to international financial studies, digital transformation in banking is not merely the automation of services but a fundamental reconfiguration of institutional logic, operational mechanisms, and customer interaction models [1].

Results

In recent years, Uzbekistan has demonstrated substantial progress in adopting digital banking solutions, supported by national strategies aimed at developing the digital economy and modernizing the financial sector. Commercial banks have actively introduced mobile banking applications, multifunctional online platforms, remote biometric identification systems, QR-code payments, and contactless technologies. These innovations enable customers to perform real-time transactions, access credit services, and manage personal finances without physical interaction with banking institutions, which significantly enhances service accessibility and convenience.

National payment systems and fintech platforms such as Uzcard, HUMO, Payme, Click, Apelsin, OSON, and Paynet have become essential elements of the country's financial infrastructure. These platforms support a wide range of operations, including peer-to-peer transfers, online utility payments, digital commerce transactions, and interbank settlements, contributing to the expansion of a cashless economy and the formalization of financial flows. As noted by the World Bank, the expansion of digital financial services plays a critical role in increasing transparency, reducing transaction costs, and promoting inclusive economic growth[2].

Furthermore, Uzbek banks are rapidly integrating advanced technologies such as automated credit scoring systems based on big data analytics, artificial intelligence-driven customer service tools (chatbots), machine learning algorithms for fraud detection, and blockchain solutions for secure and transparent transaction processing. These technologies enhance operational accuracy, minimize human error, and strengthen customer trust in digital financial services. Scholarly research indicates that the application of AI and blockchain in banking significantly improves risk management efficiency and reduces systemic vulnerabilities [3].

Discussion

Digital transformation also extends to internal banking operations, including the modernization of core banking systems, cloud-based data management, real-time financial reporting, and integrated risk assessment platforms. Such systems ensure institutional resilience, streamline decision-making processes, and improve the strategic adaptability of banks in a competitive global environment. As highlighted by OECD analysts, digitally transformed banks demonstrate higher adaptability to market fluctuations and greater sustainability in crisis conditions [4].

Overall, the banking sector in Uzbekistan is evolving into a hybrid digital-financial ecosystem, where traditional banking structures coexist with fintech innovations. This transformation reflects a broader alignment with global financial norms and contributes to strengthening the international competitiveness and institutional stability of Uzbekistan's banking system.

Efficiency Gains Through Digitalization

Digital banking increases operational efficiency by minimizing manual processes, reducing transaction time, and lowering administrative costs. Online platforms allow customers to access banking services 24/7, eliminating the need for physical branch visits. For banks, digital tools improve risk management, data analytics, and decision-making processes.

Moreover, digitalization promotes financial inclusion by providing access to banking services for rural populations and small businesses. This contributes to the formalization of the economy and strengthens the overall stability of the financial system.

Key Challenges and Issues. Despite significant progress, several issues hinder the full-scale digital transformation of the banking sector in Uzbekistan:

- Insufficient digital infrastructure in remote areas
- Low level of digital literacy among certain population groups
- Cybersecurity vulnerabilities and data protection concerns
- Regulatory and legal barriers to fintech development
- Resistance to change within traditional banking institutions

Addressing these challenges requires coordinated efforts between government agencies, financial institutions, and technology providers.

Future Prospects. The future of digital banking in Uzbekistan depends on the development of smart financial ecosystems, integration of open banking models, and cooperation with international fintech companies. Investments in cybersecurity, staff training, and customer education will play a crucial role in ensuring sustainable digital growth.

The adoption of biometric technologies, big data analytics, and artificial intelligence is expected to further optimize banking services and enhance their efficiency.

Conclusion: Digitalization of banking services in Uzbekistan, under the influence of globalization, has become a fundamental factor in increasing the efficiency and competitiveness of the financial sector. While significant progress has been achieved in implementing digital solutions, existing challenges related to infrastructure, regulation, and digital awareness remain critical. A balanced and strategic approach to digital transformation will enable Uzbekistan's banking system to fully integrate into the global financial architecture and ensure long-term economic sustainability.

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