

RETAIL BANKING PRODUCTS IN COMMERCIAL BANKS AND THEIR SPECIFIC FEATURES

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Abstract: This article presents a systematic analysis of the differences between retail banking services and retail banking products, focusing on their functional characteristics and practical aspects. In particular, it explores the types of retail banking services, the financial products formed through these services that are tailored to customer needs, as well as effective and targeted strategies for their sale. The study also highlights the role of retail financial services within the banking system, the activities carried out by commercial banks in this area, and the innovative approaches they adopt. Today, commercial banks, as key players in the financial market, offer a wide range of banking products with distinctive functional and technological advantages to meet the diverse needs of their clients.

Keywords: Retail banking service, banking product, commercial bank, mobile banking, payment cards, financial innovations, banking technologies.

TIJORAT BANKLARIDA CHAKANA BANK MAHSULOTLARI VA ULARNING O'ZIGA XOS XUSUSIYATLARI

Annotasiya: Ushbu maqolada chakana bank xizmatlari va chakana bank mahsulotlari o'rtasidagi farqlar, ularning funksional xususiyatlari va amaliy jihatlari tizimli tahlil qilingan. Xususan, chakana bank xizmatlarining turlari, ular orqali shakllanadigan moliyaviy mahsulotlarning mijozlar ehtiyojiga moslashtirilgan ko'rinishlari, shuningdek, ularni samarali va maqsadli tarzda sotish strategiyalari ko'rib chiqilgan. Tadqiqot davomida chakana moliyaviy xizmatlarning bank tizimidagi o'rni, tijorat banklarining ushbu yo'nalishda olib borayotgan faoliyati va innovatsion yondashuvlar alohida tahlil qilinadi. Tijorat banklari bugungi kunda moliyaviy bozorning asosiy aktorlari sifatida, mijozlarning turfa ehtiyojlarini qondirish maqsadida o'ziga xos funksional va texnologik afzalliklarga ega bo'lgan bank mahsulotlarini taklif etmoqda.

Kalit so'zlar: Chakana bank xizmati, bank mahsuloti, tijorat banki, mobil bank xizmatlari, to'lov kartalari, moliyaviy innovatsiyalar, bank texnologiyalari.

РОЗНИЧНЫЕ БАНКОВСКИЕ ПРОДУКТЫ В КОММЕРЧЕСКИХ БАНКАХ И ИХ СПЕЦИФИЧЕСКИЕ ОСОБЕННОСТИ

Аннотация: В данной статье системно проанализированы различия между розничными банковскими услугами и банковскими продуктами, их функциональные характеристики и практические аспекты. В частности, рассмотрены виды розничных банковских услуг, формы финансовых продуктов, адаптированных к потребностям клиентов, а также стратегии их эффективной и целенаправленной реализации. В ходе исследования уделено особое внимание роли розничных финансовых услуг в банковской системе, деятельности коммерческих банков в этом направлении и применяемым инновационным подходам. Коммерческие банки, являясь ключевыми участниками современного финансового рынка, предлагают широкий спектр продуктов с уникальными функциональными и технологическими преимуществами для удовлетворения разнообразных потребностей клиентов.

Ключевые слова: Розничные банковские услуги, банковский продукт, коммерческий банк, мобильный банкинг, платежные карты, финансовые инновации, банковские технологии.

Introduction

One of the key criteria determining the competitiveness and sustainable development potential of a commercial bank is the range of real and prospective financial services and products offered to customers. In the modern banking system, hundreds of service types have evolved, each differing in functionality, technological integration, and customer-centric design. Within the context of digital transformation, not only the quality but also the quantity of such services is expanding steadily.

As traditional banking services are increasingly integrated and reorganized based on technology, new types of financial products are emerging. There is also a growing need to enhance the interconnectivity among service lines, anticipate financial risks, and implement efficient risk management mechanisms. At the same time, the trend toward broad diversification of banking services is gaining momentum.

The Decree of the President of the Republic of Uzbekistan No. PQ-3620 dated March 23, 2018, "On Additional Measures to Increase the Accessibility of Banking Services," outlines specific objectives aimed at increasing the efficiency of this sector. In particular, the adoption of international best practices and the introduction of innovative retail banking services and financial products are designated as priority directions. These measures serve to transform banking services in line with international standards and increase competitiveness by offering tailored financial solutions.

Moreover, this approach underscores the importance of understanding customer needs in retail banking, attracting and retaining clients, and enhancing customer loyalty - all of which have become strategic priorities for banks.

Review of Related Literature

Retail banking is an essential component of the financial system, with historically established socio-economic functions. This sector primarily focuses on individual clients and small enterprises, contributing directly to economic development through financial inclusion and resource mobilization.

Retail banking operations, such as lending, payment systems, and deposit management, play a vital role in improving the investment environment. As a foundational element of financial infrastructure, retail banking supports economic stability and promotes financial inclusion within society.

In modern banking theory, the approach to banking products extends beyond service delivery - it encompasses production, innovation, marketing strategies, financial stability, risk management, and the fulfillment of client needs. This comprehensive framework necessitates an integrated analysis of retail banking activities.

According to A.V. Povarov and M.S. Maramygin, a commercial bank is not merely a financial institution but a complex management system that integrates financial products and services, as well as the mechanisms for their distribution and operational efficiency. In essence, a commercial bank facilitates a wide range of financial operations, such as lending, deposits, payment systems, and investment services, while also managing the internal processes necessary to deliver these services to clients.

This implies a dual role for the bank:

1. Designing and offering financial products and services;
2. Organizing the management, distribution, and customer support processes related to these offerings.

It is important to note that banking products vary based on individual customer needs and preferences. These may include various forms of lending, deposits, and payment operations - each differentiated by terms, interest rates, fees, and regulatory requirements.

The rapid development of digital technologies has elevated the theoretical analysis of banking services to a new level. Topics such as internet banking, mobile applications, and virtual branches have become integral to enhancing customer service and maintaining competitiveness. Retail banking theory also encompasses the study of consumer behavior, decision-making processes, and the factors influencing the selection of financial institutions.

Both theoretical and practice-based research in this field provides a solid foundation for banks and financial market regulators to improve service efficiency, manage risks effectively, and adapt to dynamic market conditions.

Research Methodology

In this scientific study, the distinctions between retail banking services and retail banking products, their respective characteristics, as well as strategies for their effective marketing under commercial banking conditions, have been analyzed. The research employed various methodological approaches such as comparative analysis, scientific abstraction, logical and structural analysis, classification, and segmentation. Through these methods, the study aimed to harmonize theoretical perspectives with practical applications.

Main Body

Before discussing the concepts of banking services and products from a scholarly standpoint, it is essential to define the fundamental methodological differences between them. Various economists and specialists interpret the term "banking service" differently. Some regard it as a functional activity aimed at achieving specific goals, while others view it as a product or service characterized by a set of attributes.

A banking service is generally understood as a set of functionally interconnected banking operations carried out based on mutual agreement, aimed at satisfying the financial needs of the customer. These services are technically and legally linked and are directed toward achieving specific financial objectives.

In contemporary economic and banking literature, the term "banking product" is often used interchangeably with "banking service." However, there are clear methodological distinctions between them. A banking product is a set of interrelated banking services and operations aimed at satisfying customer demands and is typically presented as a commercial product offered for sale in a specific financial market.

A banking product is formed as part of a bank's commercial activity and consists of a combination of functionally linked services, operations, and necessary material components intended for sale. Such products are usually tailored for specific customer segments, taking into account factors such as marketing, financial analysis, and risk management.

Although banking services and banking products are closely related, they represent different functional directions in a bank's interaction with customers. A banking service refers broadly to any financial assistance, operation, or advisory support offered by a bank or financial institution to individuals or legal entities.

The scope of banking services is wide and can be grouped into several key categories:

- Deposit services: including term deposits, demand deposits, and savings accounts;
- Card-based services: transactions via debit and credit cards;

- Digital banking services: services provided via internet banking and mobile applications;
- Lending services: consumer loans, mortgages, auto loans, education loans, and more;
- Advisory and consulting services: financial planning and investment advice;
- Brokerage and cashier services: operations involving stocks, bonds, and other financial instruments;
- Foreign exchange and safe deposit services: currency exchange and secure physical storage;
- Other types of retail services: supplementary customer services and payment operations.

The range of services offered by a bank may vary depending on the size of the financial institution, its position in the financial market, strategic development directions, and the structural characteristics of its target customer segments. This variation is a key factor in shaping the bank's competitiveness and its ability to offer tailored financial solutions.

An analysis of the current state of the retail banking services market in the Republic of Uzbekistan reveals that the scope of these services is not clearly defined. Therefore, it is advisable to classify retail banking services into two main categories based on their target audience:

1. **Direct financial services provided to individuals** – services offered by banks and other financial institutions to citizens for the purpose of meeting their direct personal consumption needs;
2. **Corporate-retail services** – services provided through legal entities to satisfy the consumer needs of the employees working in these organizations (e.g., salary payments to employees via bank cards).

In this study, the main focus has been placed on the first category - namely, retail banking services targeted directly at individual clients.

Retail lending has become an essential component of financial systems worldwide. It serves not only as a catalyst for economic growth but also as a critical financial instrument for personal development. The evolution of services from traditional bank loans to modern peer-to-peer lending platforms highlights the dynamic and continuous expansion of this segment.

Retail loans provide individuals with the financial means to meet various needs such as home purchases, launching personal businesses, and financing education. Banks and microfinance institutions strive to meet these needs by developing diverse credit products tailored to specific customer requirements.

From the perspective of financial inclusion, retail lending plays a vital role in engaging individuals in economic activity and realizing their personal potential. For those with limited access to traditional banking services, new lending opportunities help integrate a wider range of society into the economic process, positively impacting inclusive development.

Within the framework of market infrastructure, retail credit products come in various forms including mortgages, consumer loans, education loans, and auto loans. These instruments are aimed at specific demographic segments and are designed to align with their financial capacity.

Technological advancements have significantly transformed the retail lending landscape. The automation, transparency, and acceleration of lending processes through online platforms, mobile applications, and digital identification tools have intensified competition and improved the customer experience.

However, one of the major challenges in this segment is credit risk. Accurately assessing a borrower's repayment capacity is complex, and unexpected events such as job loss, health issues, or economic downturns may lead to defaults. Hence, credit institutions are required to implement robust risk management strategies to ensure sustainability.

Especially during times of economic instability and market volatility, borrowers' ability to meet their debt obligations may decline. Under such circumstances, banks and financial institutions must demonstrate flexibility and adaptability in their operations.

Extending credit to individuals is one of the most crucial and dynamic sectors in modern finance. It enables individuals to realize their socio-economic aspirations and meet both consumption and investment needs. Nevertheless, lenders must address the challenge of managing contemporary financial risks, especially those arising from technological innovations.

As digital technologies fundamentally reshape the infrastructure of credit services, the development of effective regulatory frameworks and comprehensive risk management systems becomes increasingly urgent. In this regard, retail lending is positioned not only as a tool for improving personal welfare but also as a driver of economic activity and development at the societal level.

Thus, the retail lending system has become a key factor not only in improving individual well-being but also in stimulating economic activity and development on a societal scale.

The field of money transfers has also undergone significant evolution in recent years due to technological advancements and changing consumer expectations. Traditional cross-border transactions are gradually being replaced by mobile and digital payment platforms. Nowadays, individuals have access to fast, convenient, and relatively low-cost tools to transfer financial resources globally.

Previously, cross-border money transfers were primarily carried out through banks or specialized remittance services. However, digital technologies have significantly simplified this process. Mobile payments, digital wallets, and peer-to-peer applications have elevated financial transactions to a new level in terms of speed, convenience, and transparency. As a result, traditional financial instruments are being reassessed in favor of these modern alternatives.

The digitization of money transfers has also become a crucial driver of financial inclusion. Residents of remote or underserved regions now have access to financial services via smartphones and internet connectivity. In particular, mobile application-based transactions are playing a key role in integrating broader segments of the population into the financial system.

Moreover, the emergence of blockchain technology and cryptocurrencies has introduced a new dimension to the money transfer process. Blockchain enables decentralized, secure, and transparent transactions, reducing the need for intermediaries. Cryptocurrencies such as Bitcoin and Ethereum are increasingly viewed as effective and borderless financial solutions for international payments.

Despite these advancements, cross-border financial operations still face several challenges. Exchange rate volatility, differences in legal frameworks across countries, transaction security, and fraud prevention remain unresolved issues. Therefore, harmonizing the legal and technical standards of international financial transactions is one of today's urgent tasks.

Cybersecurity threats and the illegal acquisition of personal data pose a serious threat to public trust in the financial system. This underscores the need for financial institutions to develop robust protection systems, identification mechanisms, and digital security infrastructures.

The future of personal money transfers is closely tied to the advancement of technological innovations. Progress in artificial intelligence, machine learning, and blockchain technologies could significantly enhance the speed, reliability, and efficiency of cross-border transactions. Institutional collaboration among financial institutions, fintech companies, and regulators will play a decisive role in establishing a stable and transparent regulatory environment at the global financial level.

The implementation of remote banking services has fundamentally transformed the relationship between banks and customers. This development represents not only a technological transformation but also a revolutionary shift in the overall model of financial service delivery. As a result of this paradigm shift, accessibility, inclusiveness, and efficiency of banking services for the general public have increased substantially.

Remote banking services encompass a wide range of digital solutions, enabling clients to conduct various banking operations independently, without physically visiting bank branches. Initially limited to functions like viewing account balances, transferring funds, and making online payments via internet banking, these services have now expanded to include mobile applications, AI-based virtual assistants, biometric authentication, and other advanced technologies.

Through digital platforms, users can access their personal accounts, perform transactions in real time, make deposits, obtain loans, and utilize other financial services. This eliminates the need to visit physical bank locations. The integration of AI-driven automated assistants and biometric security measures has greatly increased the reliability of remote financial operations.

Key advantages of remote banking services include convenience, time efficiency, 24/7 access, cost savings, and enhanced security-making them increasingly relevant in today's digital era.

On the other hand, despite the widespread adoption of digital payment methods, traditional cash desk services have not lost their importance. Certain segments of the population continue to rely on cash transactions. Therefore, banks continue to provide services such as ATMs, cash deposit and withdrawal, teller transactions, and minor payments.

In the context of global economic integration, foreign exchange services remain essential for individuals and legal entities conducting international financial operations. Services such as currency exchange, opening foreign accounts, international payments, and remittances are offered by banks to clients across various segments.

Given the continuous flow of large sums of money in banking operations, financial monitoring plays a crucial role. It involves systematically tracking, analyzing, assessing, and controlling banking activities to ensure financial security. Financial monitoring encompasses the following key areas: fraud prevention, compliance with regulations, analysis of customer activity, and anti-money laundering efforts.

In an era of increasing technological complexity within the modern banking system, financial monitoring has become more important than ever. This activity is one of the key factors in ensuring the stability of the financial system, combating financial crime, and aligning with international standards.

Another significant component of banking services is plastic cards. Today, they are considered one of the most widely used payment tools in financial transactions. Debit and credit cards enable users to manage their funds securely, conveniently, and efficiently. In addition, banks have implemented strict identification procedures to prevent fraud during card usage. For instance, biometric verification ensures that only the legitimate cardholder can use the card.

The advancement of modern technologies plays a critical role in shaping payment instruments within the banking sector. Contactless payment technologies and mobile apps have facilitated the integration of payment functions, ushering bank card services into a new phase. This not only improves user convenience but also significantly enhances security by reducing physical contact with cards.

Deposits made by individuals are the main source of financial stability for banks, supporting the expansion of credit resources and ensuring liquidity. Deposits play a strategic role in financing

bank operations as economic entities, promoting economic activity, and supporting a range of financial operations.

Within the banking services infrastructure, safety deposit boxes (vaults) are offered as high-security services. They provide individuals with a secure place to store valuable items, important documents, and personal assets. Typically located in specially protected vaults of banks, these boxes are equipped with advanced security systems, video surveillance, alarms, and restricted access protocols.

Safety deposit boxes operate on a dual-key system-one key is held by the bank, and the other by the customer. This approach prevents unauthorized access and enhances the service's legal and practical reliability. The integration of modern technologies such as digital security and biometrics has made safety deposit boxes more efficient and trustworthy as a banking service.

Effective retail banking product sales require offering tailored financial solutions to meet customer needs, understanding client behaviors, and segmenting product and service offerings accordingly. This process involves the use of marketing, psychological approaches, competitive analysis, and strategic communication.

Key strategies for successful retail banking product sales include:

- Customer-focused approach – developing personalized offers by considering each client's individuality;
- Establishing long-term trust-based relationships – ensuring transparency and openness in communication to strengthen customer loyalty;
- Offering a comprehensive product system – combining credit, deposit, payment tools, and investment services into integrated solutions.

Thus, banks can enhance competitiveness not only through the quality of services but also by establishing effective and sustainable customer relationships. In-depth analysis of customer needs, improvement of financial literacy, and effective use of information and communication technologies can strongly stimulate the development of retail banking activities.

Conclusion and Recommendations

Based on the results of the research, it can be concluded that banking services are an integral part of commercial bank operations, through which banking products are effectively formed and implemented in practice. These services ensure the proper and conscious use of banking products by providing customers with interactive communication, technical support, informational assistance, and high-quality service.

Thus, banking products are the specific financial instruments offered by banks, while banking services are the systems of information, advisory, and technical support provided to customers for the effective and targeted use of these products. Customers actively use these products and services to meet their financial needs and achieve their personal and family goals.

Furthermore, strengthening the regulatory and legal framework for the distribution and accessibility of retail banking products in commercial banks holds particular importance. On one hand, this ensures consumer rights protection, and on the other, it contributes to stability, competitiveness, and long-term development of the banking system.

The presence of necessary normative-legal mechanisms facilitates the balanced coordination of the interests of banks, clients, and the economic environment. Moreover, such a regulatory framework ensures that retail banking products are offered in a responsible, transparent, and secure manner, which is a key factor in successfully fulfilling the social and economic functions of financial institutions.

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