

**O'ZBEKISTON RESPUBLIKASI RAQAMLI BANK XIZMATLARI BOZORINI  
JORIY HOLATI VA TAHLILI**

**СОВРЕМЕННОЕ СОСТОЯНИЕ И АНАЛИЗ РЫНКА ЦИФРОВЫХ  
БАНКОВСКИХ УСЛУГ РЕСПУБЛИКИ УЗБЕКИСТАН**

**CURRENT STATE AND ANALYSIS OF THE DIGITAL BANKING SERVICES  
MARKET OF THE REPUBLIC OF UZBEKISTAN**

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**Annotatsiya.** Maqolada raqamli bank xizmatlari bozorini joriy holati va tahlili o'rganilgan. Raqamli texnologiyalarni qo'llash orqali nafaqat boshqaruv va biznes jarayonlarini qayta qurish balki bank sohasida ham bir qator insoniyat hayotini engillashtiradigan yangiliklarni amalga oshirish mumkin.

**Kalit so'zlar.** Bank, raqamli bank, bank xizmatlari, yuridik shaxs, jismoniy shaxs, transformatsiya.

**Аннотация.** В статье анализируются пути улучшения цифровых банковских услуг. С помощью цифровых технологий можно не только провести реструктуризацию управленческих и бизнес-процессов, но и внедрить ряд инноваций, которые облегчат жизнь людей в банковской сфере.

**Ключевые слова:** Банковское дело, цифровой банкинг, банковские услуги, юридическое лицо, физическое лицо, трансформация.

**Abstract.** The article analyzes ways to improve digital banking services. By using digital technologies, it is possible not only to restructure management and business processes, but also to implement a number of innovations that will ease human life in the banking sector.

**Keywords.** Banking, digital banking, banking services, legal entity, individual, transformation.

### **Introduction**

According to Presidential Decree No. PF-60 of the Republic of Uzbekistan dated January 28, 2022, "On the Development Strategy of New Uzbekistan for 2022–2026," priority has been given to transforming the digital economy into one of the main drivers of economic growth and increasing its volume by at least 2.5 times. In addition, the decree sets the goal of increasing the level of digitalization of production and operational processes in the real sector of the economy, as well as in the financial and banking sectors, to 70 percent by the end of 2026.

Furthermore, the introduction of modern information technologies into banking activities and the expansion of remote banking services and contactless financial operations have become significant factors stimulating the development of digital banking services. The innovation-based path of economic development founded on the digital economy is gradually encompassing all

sectors of the national economy and is expected to yield substantial positive results in the near future.

Several presidential resolutions and regulatory documents aimed at developing digital infrastructure, increasing the accessibility of banking services, and strengthening the stability of the banking system provide an institutional framework for the advancement of digital banking services in Uzbekistan.

The COVID-19 pandemic accelerated the transition of customers from traditional branch-based banking to digital channels worldwide. According to a survey conducted by Boston Consulting Group in the retail banking market, an average of 13 percent of respondents across sixteen major markets used online banking services for the first time during the pandemic. In some markets, the emphasis on cashless payments led to remarkable growth. As retail banking and payment digitalization continue to expand globally, the accessibility of financial services has significantly increased. Moreover, the development of digital banking services creates opportunities to reduce the number of branches and cash offices, thereby lowering banks' operating costs.

#### Literature Review

Digital banking services, particularly remote banking services and the adequacy of their resource base, have been extensively studied by both classical and contemporary foreign economists and scholars, including Y. Korchagin, I. Lavrushin, G. Beloglazova, A. Tavasieva, S. V. Galitskaya, A. Ivanov, P. Rose, J. Sinkey, V. Khabarov, N. Popova, Sh. Zokirov, Y. Vinokurova, N. Keshenkova, and A. Goncharuk.

Although numerous studies have been devoted to banking services in general, the specific issues related to digital banking services and remote financial transactions have not been sufficiently investigated. Furthermore, despite the rapid expansion of digital banking worldwide, comprehensive scientific research on the development of digital banking services in Uzbekistan remains limited.

#### Analysis and Results

Today, not only digital banks but also traditional commercial banks provide digital banking services to the population due to their convenience and accessibility. Digital banks are institutions that offer banking services around the clock through mobile applications and web platforms, allowing users to access financial services via online interfaces.

Unlike traditional banks, digital banks do not provide cash desk services and generally operate without physical branches. It is noteworthy that approximately 57 percent of banks' expenses consist of operational costs, primarily employee salaries. Therefore, providing financial services remotely enables banks to significantly reduce these expenses.

**Table 1. Information on Total Loans of Commercial Banks and Digital Banks Operating in Uzbekistan (billion UZS)**

Bank Name	01.10.2021			01.10.2022			01.10.2023	
	Total Loans	of which		Total Loans	of which		Total Loans	s
		Individual	Legal Entities		Individual	Legal Entities		
Anor Bank	189	156	33	1 943	1 805	137	2 259	
TBC Bank	83	83	0	1 200	1 144	56	1 753	
AVO Bank	54	2	52	6	0.5	6	1	
<b>Tota</b>	<b>300</b>	<b>61 816</b>	<b>238</b>	<b>375</b>	<b>94 071</b>	<b>281</b>	<b>397</b>	

I Banks	459		644	297		225	637	
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\*Prepared by the author based on data obtained from official websites.

According to the data presented in Table 1, the loan portfolios of digital banks have demonstrated an upward trend over the last three years, with the exception of AVO Bank. In the case of AVO Bank, a year-by-year decline has been observed.

Since digital banking services are used predominantly by individuals, the share of loans granted to individuals constitutes a significant proportion of the total loan portfolio. In 2023, Anor Bank issued loans amounting to UZS 2,259 billion, approximately 91 percent of which were allocated to individuals. In the same year, AVO Bank issued loans amounting to UZS 1 billion to individuals.

It can also be observed that TBC Bank experienced a substantial increase in lending activity. In 2022, the volume of loans issued by TBC Bank was nearly fourteen times higher than in 2021. Specifically, the bank's loan portfolio increased from UZS 83 billion in 2021 to UZS 1,200 billion in 2022.

**Table 2. Information on Loans Issued by Digital Banks Operating in Uzbekistan (billion UZS)**

Bank Name	01.10.2021			01.10.2022			01.10.2023		
	Total Loans	of which		Total Loans	of which		Total Loans	of which	
		Consumer Loans	Other Loans		Consumer Loans	Other Loans		Consumer Loans	Other Loans
Anor Bank	100%	59.7	29.3	100%	211.6	731.4	100%	312.9	946.1
TBC Bank	100%	34.5	8.5	100%	149.8	050.2	100%	363.8	389.2
AVO Bank	100%	1.2	2.8	100%	0.4	.6	100%	0.8	.2

Source: Prepared by the author based on data obtained from official websites.

According to the data presented above, consumer loans account for a significant share of the total loans granted to individuals. In recent years, the amount of consumer loans issued by digital banks to individuals has been steadily increasing.

This can be explained by the substantial share of these loans in the total loan portfolio, the relatively large amount attributable to each loan, and the comparatively lower risk level of consumer loans for digital banks in comparison with other types of lending.

Moreover, the demand for consumer loans has been growing due to the increasing needs of individuals in recent years. There are durable goods whose acquisition requires expenditures exceeding current income levels, and because of their relatively high prices, consumers often resort to installment-based purchases and borrowing.

Among the analyzed banks, Anor Bank demonstrated the highest share of consumer loans compared with other banks. In particular, the volume of consumer loans increased from UZS 59.7 billion in 2021 to UZS 312.9 billion in 2023.

In international practice, the use of plastic cards is considered one of the important sources of income for banks. According to available sources, in the United States, loans issued through credit cards account for approximately 6 percent of total lending. Nevertheless, credit cards generate nearly 10 percent of total lending income.

This type of banking activity has only recently begun to develop in the banking practice of Uzbekistan. However, it should be emphasized that credit card lending is considered one of the riskiest forms of bank lending.

The introduction of credit cards contributes significantly to reducing cash circulation and lowering the costs associated with money circulation. In addition, credit cards possess several other advantages, including increasing income and turnover, enhancing banks' competitiveness and reputation, ensuring payment guarantees, and providing various other benefits.

It should be particularly noted that both banks and customers benefit equally from the development of these services.

**Table 3. Information on the Dynamics and Market Share of ATMs, Payment Terminals, and Infokiosks Issued by Digital Banks Operating in Uzbekistan (as of January 1)**

Banks	ATMs, Payment Terminals and Infokiosks	2021	2022	2023
<b>Anor Bank</b>	Number of installed payment terminals	503	1 174	1 247
	Number of installed ATMs and infokiosks	0	0	0
<b>TBC Bank</b>	Number of installed payment terminals	28	33	56
	Number of installed ATMs and infokiosks	0	0	0
<b>AVO Bank</b>	Number of installed payment terminals	1 270	31	11
	Number of installed ATMs and infokiosks	74	0	7

**Source: Prepared by the author based on data obtained from official websites.**

According to the data presented in the table above, it is possible to observe the dynamics and market share of ATMs, payment terminals, and infokiosks introduced by digital banks operating in Uzbekistan over the years. While Anor Bank and TBC Bank demonstrated an upward trend in these indicators, AVO Bank experienced a decline from year to year. In particular, the number of installed payment terminals at Anor Bank and TBC Bank increased by 2.5 percent in 2023 compared to 2021.

The acquisition and installation of ATMs and infokiosks require substantial expenditures from commercial banks; however, they simultaneously contribute to reducing certain operational costs. ATMs enable customers to withdraw cash, check account balances, and perform similar banking operations without having to visit bank branches. Consequently, banks are able to reduce the operating expenses associated with providing such services while also generating additional commission income.

### Conclusion

Based on the studies and research conducted within the framework of improving digital banking services, the following conclusions have been formulated.

One of the key objectives of the development of the banking system of the Republic of Uzbekistan is to improve the quality of digital banking services, expand the scope of banking services, and bring their types and quality to the level of banking practices in developed countries. Furthermore, it is necessary to transform digital banking services into a profitable and income-generating area of banking activities.

A digital bank is a bank or one of its structural divisions that provides banking services remotely through the use of innovative banking technologies without offering cash services. The provision of remote banking services by digital banks is carried out in accordance with the internal regulations of banks and the requirements established by the current legislation. It should be particularly emphasized that digital banking services are mainly focused on individuals, whereas the scope of services provided to legal entities remains relatively limited.

At present, due to the increasing competition in the banking sector, many banks are facing the problem of limited inflows of medium- and long-term deposit resources. The larger the resource base, the greater the scale of active banking operations. As a promising direction for the development of the resource base, it is advisable to expand the range of deposit accounts with different operating conditions, thereby providing depositors with additional opportunities to utilize their funds more efficiently while ensuring an acceptable level of return.

For this purpose, and in order to expand deposit policies, commercial banks should intensify their deposit policies. The main directions of such policies may include the following:

- conducting customer monitoring in order to identify the factors influencing customers' choice of banks, since the closure of accounts is generally associated with more attractive service conditions offered by competing banks;
- strengthening public confidence in banks and promoting banking services by emphasizing their reliability, long-standing experience, competitive advantages, and convenience of services in order to stimulate the inflow of funds;
- improving the quality of services and modernizing service technologies in order to ensure maximum convenience for customers;
- developing comprehensive service packages by offering additional and related services alongside core banking products.

In studying and managing digital banking services effectively, it is advisable, first of all, to distinguish between services provided to individuals and legal entities and to classify banking services according to specific criteria. Such an approach would contribute to a more comprehensive understanding and more effective management of digital banking services.

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