

# Prospects for the Development of Digitized Financial Services in Commercial Banks (In the Example of JSC AnorBank)

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## Abstract

A digital bank is a bank or its structural division that provides remote banking services using innovative banking technologies. Within the framework of this article, we will define the concept of "Digital Bank" on the example of the activities of "ANOR BANK" JSC, and analyze the current state of digital banking services and the activities of the bank. Also, as a result of comparing the activities of traditional banks and digital banks operating in our country, conclusions were formed regarding the development of banking services in our country.

**Keywords:** Digital banking, digital bank, digital innovations, mobile application, traditional bank, contact centers, online credit, online deposit.

## INTRODUCTION

The system of modernization and simplification of banking services is of great importance in the development of the country's financial services. Today, information technologies are widely introduced in the banking system, as in all areas. It has become clear that the development of digital banking in the banking system is one of the main issues of economic growth, especially in the period of the worldwide coronavirus pandemic. Referring to the banking system, the President noted, "Unfortunately, the banking system lags behind modern requirements for the use of digital technologies, introduction of new banking products and software." In this, we need to recognize digital banking services as an issue that needs to be developed. One of the important issues is the development of a digital banking system that increases users' confidence in the banking system and offers convenient services.

Research shows that a bank or its subsidiary that provides remote banking services using innovative banking technologies (without providing teller services) is considered a digital bank. This is the definition given to the entire bank or bank branch. Digital banking should be considered as a software package for providing banking products online to users of banking services. A.A. Gontar said, "Digital banking is a new form of interaction between the bank and its customers, including innovations in the field of financial services for consumers and commercial customers in the field of digital, information and technology strategies."



Research scientists Suchat Tungjitnob, Kitsuchart Pasupa, Boontawee Suntisrivaraporn expressed the following opinions about "Mobile banking" in their research work: "Bank customers can immediately perform banking operations anywhere and anytime using mobile banking applications of banks." can increase. In addition, the mobile banking application reduces the cost of increasing additional branches. The bank also benefits from getting customer data from the app."

"Studies in developed countries have shown that e-banking reduces operating costs and therefore brings significant benefits to banks. Digital banking provides more opportunities for earning as they generate income from additional non-interest sources. The introduction of convenient e-banking services and products allowed banks to attract prospective customers and this allowed them to increase their market share.

For the first time, the concept of digital bank was introduced into the legislation of Uzbekistan in 2018. The first paragraph of the Regulation "On the procedure for registering banks and licensing their activities" defines a digital bank as follows:

"Digital bank is a bank or its structural division that provides remote banking services using innovative banking technologies (without providing cash desk service). Remote provision of banking services by digital banks is carried out based on the internal rules of the bank, taking into account the requirements of legal documents.

For the first time in Uzbekistan, "ANOR BANK" JSC launched its first online services as a digital bank in September 2020 and currently provides a number of modern banking services. According to Boston Consulting Group analysts, other developing countries lag behind the leaders in the digital economy by an average of 8-10 years. But if no measures are taken, after 3-5 years, the lag may reach 15-20 years. Within the framework of the "Industry 4.0" concept, this indicator is one of the main indicators for determining the investment competitiveness rating of the national economy.

Currently, the banking industry has entered a digital arms race around the world. In 2018, the world's banks spent 9.7 billion for digital banking opportunities. Plans to invest in the amount of US dollars. In most commercial banks, the creation and development of online and mobile banking applications is considered more important than the increase of conventional bank branches and ATMs.

Banks around the world are already realizing what digital investments can do to improve customer engagement and satisfaction. For example, Bank of America accepts more online deposits than traditional bank branches. According to Brian Moynihan, the Bank's Chief Executive Officer, investing in digital banking services will help meet the needs of customers. In fact, the concept of "Digital Bank" developed rapidly in European countries during 2015-2020. Digital banks widely use modern digital innovations in order to provide more convenient and useful services to their customers.

It should be noted with regret that, according to the data of the World Economic Forum, our country is in one of the last places according to this indicator. In order to overcome the negative consequences that occur in the financial sector because of this, one of the main issues is to achieve the wide application of the digital economy in the national economy. The use of digital



banking methods, ensuring economic security and giving special importance to the development of mobile systems are of great importance for the development of financial markets and banks.

After the signing of the Decree of the President of the Republic of Uzbekistan "On measures to radically improve the activities of the Central Bank of the Republic of Uzbekistan" No. tasked with further expanding the quality of customer service using banking technologies.

Accordingly, Anorbank and TBC Bank were registered as digital banks in Uzbekistan in 2020. Today, the digital bank "Anorbank" provides its customers with a full digital service through mobile applications or stationary computers. This means that a digital bank customer can access banking services 24/7. That is, in the digital banking system, the customer is provided with a mobile application, and based on the mobile application, a high flexibility of banking operations is provided with a high-tech IT infrastructure.

Features available in the ANORBANK mobile application:

- Easy registration with Face ID via NFC
- Convenient interface
- Smart transfer
- Ordering and delivery of cards
- Currency exchange operations
- Payments for services
- Issuance of loans
- Opening and managing deposits
- Manage security through Life ID
- Card blocking
- Transfers between accounts and cards
- Information and statements on cards and account numbers
- Car payments.

The basis of ANORBANK's development strategy is customer orientation, which includes a number of elements. Including sensitivity and desire to help, simplicity of approach, giving people the opportunity to be one step ahead in life and business, maintaining an individual approach to any client and ensuring security in data processing, any request as soon as possible performance orientation.

As a result of these actions and strategies, Anorbank achieved the following results in 2021:

- service to the entire Republic has begun;
- the number of employees in the team reached 850;
- the customer base has increased to 115,000, 100,000 bank cards have been issued, and 350 billion rubles have been received from individuals for deposits. soums were involved;
- the number of partners has exceeded 2500;
- more than two hundred organizations totaling 20 bln. monthly salaries with a nominal value of soums were transferred through Anorbank;
- the application has been downloaded 270,000 times, and the number of daily active users of the application is more than 40,000.



Conclusions and suggestions. Therefore, the digital transformation of financial services will create a wide range of opportunities for bank customers, and will help to expand the economic opportunities of customers, while being considered an important stage for increasing financial activity. That is, one of the prospects of digital banks is that the cost of services will be reduced by 40-60 percent due to the digitization of financial networks. It allows customers to save money and time spent on visiting the bank and preparing documents.

In a word, the transformation process of commercial banks and the change to work in the digital banking system is a response to the development and active spread of new information technologies around the world, and digital technologies not only increase the quality of products and services, but also reduce excess costs. In other words, the development of digital financial services serves as an important direction for the development of the country's banking and financial system.

The above figures indicate that the quality services offered by the bank based on the principle of rapid development and customer orientation are widely accepted by customers, and the number of bank customers is increasing day by day. This indicates that a new digital banking trend has begun in the banking and financial system of our country. For this reason, it is becoming a need of the hour for traditional banks to pay great attention to the development of digital banking services.

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