

**PROSPECTS FOR THE DEVELOPMENT OF VIRTUAL BANKS IN UZBEKISTA****<sup>1</sup>Kuchkarov Bekzod Sheralievich, <sup>2</sup>Bakoeva Gulbakhor**Master student of the University of World Economy and Diplomacy<sup>1</sup>, PhD Associate Professor of the Department of "International Finance and Investments" University of World Economy and Diplomacy<sup>2</sup>**ABSTRACT**

The article discusses the history of the creation of virtual banks, foreign experience in their development, the possibilities and advantages of these banks, as well as the prospects for the development of virtual banks in Uzbekistan.

**Key words:** *digital bank, software, Central Bank, banking services, digital innovations, virtual banks.*

At present, the quality and availability of banking services for various segments of the population of Uzbekistan is one of the main criteria for the socio-economic efficiency of the national credit and banking system and a condition for its competitiveness. Retail banking is an important tool for solving many problems of an economic and social nature, and the quality and availability of these services largely depend on effective demand, and, consequently, the rate of economic growth, the well-being of the population, and the social climate in society. [1-4]

In the modern global world, the achievement of sustainable socio-economic development requires a constant expansion of the range and improvement of the quality of services provided by banks to the population, taking into account the needs of various social groups, the specifics of conditions in different regions of our country.

The international financial crisis has created a significant number of problems in the relationship between the state and the population of economically developed countries with the institutions of the banking system, in general, this does not negate the growing importance of the retail banking sector in ensuring the sustainable, dynamic development of the modern economy.

The main task of domestic banks is high-quality customer service. Winning the client base today, banks ensure the introduction and development of new modern services and banking products. At the same time, it should be noted that in the conditions of Uzbekistan, new technologies do not contradict the development of a regional and retail network, but, on the contrary, allow them to develop more harmoniously [5].

The theoretical and methodological basis of the study are the main provisions on remote banking services used by commercial banks in the Republic of Uzbekistan, as well as practical foreign experience of virtual banks. Methods of economic analysis are applied in the work. In the process of writing the article, materials on the organization of the activities of virtual banks based on international experience were used.

In the modernization of the economy, the modernization and simplification of the banking system plays an important role in the development of financial services. Today, as in all areas, information technology has firmly entered the banking system. The development of digital banking in the banking system is one of the key issues for economic growth. Commenting on the banking system, President of the Republic of Uzbekistan Shavkat Mirziyoyev said: "Unfortunately, the banking system lags behind modern requirements for the use of digital technology products and software." That being said, we must recognize that digital banking is a challenge that needs to be developed.

One of the important issues is the development of a virtual banking system that will increase user confidence in the banking system and offer convenient services.

In Uzbekistan, a lot of work is being done on banking services, the introduction of modern and advanced types of banking services, the introduction of new information technologies, increasing the popularity of banking services, and their application in the banking services market. On this occasion, a number of legal documents have been developed. The Action Strategy for the Development of the Republic of Uzbekistan for 2017-2021 defines the implementation of measures aimed at the further development of the banking system, including the activities of commercial banks and the improvement of banking services, as one of the priorities [1-4].

Looking ahead, we expect virtual banks to continue to compete with traditional banks on price to attract customers and deposits. Total virtual bank deposits are likely to continue to grow steadily as existing customers replenish their savings accounts and potential customers consider opening new accounts, possibly as a secondary bank. Interestingly, we believe that target customers will include not only the younger generation, but also the older generation, who generally have more savings and are becoming more receptive to virtual financial services platforms and services. However, in the short term, we expect deposits in virtual banks as a percentage of the total balance to be relatively small.

As you know, the first virtual bank that appeared on the Internet in November 1995 was the bank - SFNB. According to legend, the bank was created for Americans who often migrate within the country, and sometimes do not leave it at all. Nobody wanted to lose customers, so a project was devised where it was possible to use the services of the bank remotely, without being tied to any geographical object. In addition, some states had rules that prevented the opening of branches of "foreign" banks from neighboring regions. All these factors led the organizers to create an Internet banking system (e-banking, online banking).

As we all are well aware, online banking has opened up new opportunities for bank customers - it is now possible to receive information about the status of their account, as well as perform certain operations without visiting the bank or its branch. At the same time, SMS messages help you quickly track every account activity. Bank customers are less and less likely to use offline services and visit bank branches only when absolutely necessary.

In addition to the above information, we would like to carefully consider that a virtual bank is a bank that operates exclusively through the Internet, which has no actual representation, except for a registered office. The virtual bank operates in full on the World Wide Web. Such a system has two categories: passive and active. The first one includes all the data on the current account, and the active one allows you to remotely manipulate finances.

Based on the results of this study, it seems that the development of the economic sphere of any country is impossible without an effective payment system with effective payment mechanisms. Payment systems, being the basis for the stability of the financial system of the state, reduce transaction costs in the economy, increase the efficiency of the use of financial and other types of resources, increase the liquidity of the financial market and contribute to the conduct of monetary policy [7].

As the world experience in the development of payment systems in different countries shows, the development of payment systems is primarily associated with expanding the list of payment instruments and services, increasing their profitability by reducing operating costs. The widespread use of online payments using bank cards helps to reduce the cost of banking services related to making payments.

In the course of our study, we found that for the further development of Internet banking in the country and the full coverage of bank card holders by all commercial banks, schedules for the introduction of mobile banking for individuals have been developed. At the same time, in order to expand mobile application services

with the ability to remotely manage bank accounts, the mechanisms for making card-to-card payments, issuing and repaying loans are being tested on the basis of the Clearing System of the Central Bank., processing of online deposits, online payments in favor of merchants and service providers. With the introduction of this mechanism, the launch of a single platform is being considered, allowing bank customers to make transactions on their bank accounts in different banks 24\*7 without a break on weekends and holidays.

In conclusion, in a nutshell, we can say that Uzbekistan is already in a position to introduce such a banking system.

- Firstly, not only has a telecommunications network been created in our republic, but it is also reliably operating not only at the level of individual banks, but throughout the country as a whole.

- Secondly, the population of our state, regardless of age, has become close friends with electronic services. And we think that the appearance of a virtual bank, available to almost everyone, will at first arouse curiosity and interest, which will immediately affect the bank's clientele.

- Thirdly, the existing banking infrastructure does not allow to fully cover all settlements in our republic. At the same time, a virtual bank will solve this problem.

- Fourthly, the staff currently working in the banking system is ready to work in a new bank.

- Fifth, the most important incentive for creating a bank is the absence of high costs for the acquisition of buildings, equipment and machinery, their maintenance, depreciation and taxes, and hiring personnel [8].

The wide development of effective banking services using mobile Internet banking is impossible without the organization of an appropriate marketing strategy to promote new banking services. In foreign practice, banks, using the interactive capabilities of the Internet, conduct active advertising campaigns in social networks. And in our country, commercial banks began to use social networks as the main tool for marketing promotion of banking products and services [9].

Therefore, virtual banks must continue to develop and expand their offer in order to continue to attract customers. This may include continuously providing competitive interest rates on customer deposits and introducing new products and services such as credit cards, loans and eventually wealth management services. In addition, virtual banks can use their partnerships.

However, the rapid growth in the popularity of Internet banking confirms the presence of a stable and effective demand for this new type of banking services. The cost of customer service via the Internet is minimal, which is of interest to customers. The development of the digital banking industry requires the efforts of every commercial bank, as well as the support of the State Bank. As the manager of the national banking industry, the State Bank of Uzbekistan should strengthen the legal corridor and create an enabling environment, as well as supportive policies that promote the rapid adoption of digital technologies.

Commercial banks in Uzbekistan also need to reorganize their management and strategy to meet the demands of the new business model. Accordingly, banks must adjust their business culture while developing appropriate human resources. In addition, commercial banks should also focus on managing communications, social media information, updating information technology platforms, developing network security management schemes, and categorizing customers for better management in this digital age.

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