

PROSPECTS FOR THE DEVELOPMENT OF DIGITAL BANKING SERVICES IN UZBEKISTAN

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Abstract. This article provides a scholarly analysis of the development trends of digital banking services in Uzbekistan, their economic significance, and their impact on the efficiency of the banking system. It demonstrates that as a result of digitalization processes within the country's banking system in recent years, services such as mobile banking, internet banking, QR payment systems, electronic wallets, and remote banking are becoming widely popular. It also highlights that the introduction of digital technologies into the banking system is expanding the opportunities to provide the public with convenient, fast, and secure financial services. The article further analyzes the role of fintech in the activities of commercial banks, as well as the prospects for using artificial intelligence, biometric identification, and blockchain technologies. Moreover, it is scientifically substantiated that the increase in the volume of non-cash payments, along with the growing number of bank card and mobile application users in Uzbekistan, confirms the rising demand for digital banking services.

Keywords. QR payment systems, e-wallets, commercial banks, digital banking.

INTRODUCTION

The rapid development of digital technologies in the global economy is having a significant impact on the banking system, as it is on all other sectors. In the modern economy, the digitalization of banking services is considered one of the most critical areas of the financial sector. Specifically, as a result of advancements in internet technologies, mobile communication devices, artificial intelligence, and fintech platforms, banking is transitioning from its traditional form to electronic and remote service systems. This enables the public to use banking services quickly, conveniently, and securely. Today, in developed nations, digital banking services are regarded as a key factor in economic growth. The digitalization process in the banking system serves to reduce operational costs, improve service quality, ensure financial transparency, and effectively meet customer needs. For this reason, many countries are paying great attention to modernizing the banking sector and widely implementing digital technologies. In recent years, Uzbekistan has also been implementing large-scale measures to reform and digitalize its banking system. In particular, within the framework of the "Digital Uzbekistan – 2030" strategy, the widespread application of modern information technologies in all sectors of the economy, including the banking and financial system, has been designated as a priority task. As a result, services such as mobile banking, internet banking, QR payment systems, e-wallets, online lending, and remote identification are developing rapidly. Currently, the increase in the volume of cashless transactions in the country and the growing number of bank card and mobile application users indicate a rising demand for digital banking services. At the same time, the expansion of fintech companies' activities is intensifying competition in the banking sector, leading to an increase in the number of innovative services. However, certain challenges exist in the development of digital banking services. In particular, cybersecurity threats, inadequate internet infrastructure in some regions, the low digital literacy of the population, and data protection issues are affecting the efficiency of the digitalization process.

in the banking system. The purpose of this article is to analyze the state of development of digital banking services in Uzbekistan, study their economic significance, and identify future development trends. The article will also develop scientific and practical proposals to address the existing problems in the development of digital banking services and suggest ways to overcome them.

Literature Review. Among foreign economic scholars, Joseph Schumpeter interpreted innovation as a key driver of economic development, emphasizing that financial technologies enhance the efficiency of the banking system. In his view, technological innovations lead to the formation of new types of services in the financial market. Similarly, Peter Drucker identified digitalization as a key element of modern management, noting that the effective use of information technology improves the quality of banking customer service. The scholarly works of Frederic Mishkin on the digitalization of banking services are of particular significance. He substantiated that innovative technologies in the banking system reduce the costs of financial intermediation, increase transaction speeds, and promote financial inclusion. Chris Skinner, who has researched fintech and the digital economy, predicts that future banking operations will transition entirely to digital platforms. According to his academic views, traditional banking services are progressively being replaced by mobile applications, biometric identification, and artificial intelligence. Among scholars from CIS countries, Oleg Lavrushin, who studied digital banking services, noted that the development of electronic services in the banking system not only reduces banks' operational costs but also serves to increase their client base. He assesses electronic banking services as a promising direction for the activities of commercial banks. The scientific research of Uzbek economists also devotes significant attention to the digitalization of the banking sector. In particular, Abdugani Abduganiyev emphasizes that modernizing banking services and implementing modern information technologies increases the efficiency of commercial banks.

Shodmon Shodmonov also notes that new opportunities are emerging in the financial services market amid economic digitalization, and that electronic payment systems increase economic activity. Today, large-scale reforms are being carried out in Uzbekistan to develop digital banking services. Specifically, the Central Bank of the Republic of Uzbekistan is adopting legal and regulatory acts aimed at developing remote banking services, electronic payment systems, QR payments, and mobile banking services. This helps to increase the accessibility of banking services and expand the share of non-cash transactions.

Methodology. The article examines the economic essence of digital banking services, their role in the banking system, and their impact on the economy through methods of analysis and synthesis. Additionally, employing induction and deduction methods, development trends in digital banking services were generalized, and scientific conclusions regarding future development directions were formulated. Using statistical analysis, data on remote banking services in Uzbekistan, the number of mobile banking users, the volume of electronic payments, and the share of cashless settlements were studied. This utilized data from the Central Bank of the Republic of Uzbekistan and the Statistics Agency. Throughout the research, a comparative analysis method was used to compare the development level of digital services in Uzbekistan's banking system with the experience of foreign countries. This allowed for the identification of existing problems in the national banking system and the determination of priority areas for the future.

Analysis and Results. In recent years, the digitalization of the banking system in Uzbekistan has become a priority of the state's economic policy. Specifically, the development of mobile banking, internet banking, QR payments, and electronic payment systems has significantly increased public access to and use of banking services. According to the Central Bank of the Republic of Uzbekistan, the number of remote banking service users increased sharply as of March 1, 2025. Notably, it was recorded that over 7.4 million users utilize remote banking services at Xalq Bank (People's Bank), over 5.1 million at the Uzbekistan Industrial and Construction Bank, and over 4.1 million at Ipoteka-Bank. This indicates an active transition by the population from traditional to digital banking services. Analysis shows that the volume of cashless payments is also increasing year by year. In 2025, payments made through terminals and mobile applications constituted 43% of total bank receipts, representing a significant increase compared to 2024. The share of electronic payments in the trade and service sector reached 48%. Furthermore, according to Central Bank statistics, the share of cash in circulation within the total money supply decreased to 18.9% in 2025. This situation demonstrates the widespread popularization of digital financial instruments in the economy. The increase in receipts via bank cards, the expansion of payments using mobile applications, and the implementation of QR payment systems are enhancing the efficiency of digital banking services. The fact that digital payments within the public transport system reached 692 million transactions in 2025 also shows the deep integration of electronic payments into daily life. In particular, the volume of payments made via mobile applications and virtual cards increased by 234%.

According to the analysis, the following factors are positively influencing the development of digital banking services in Uzbekistan:

- An increase in the number of mobile internet and smartphone users;
- The development of fintech companies;
- State policy supporting non-cash payments;
- Increased competition among banks;
- Growing public trust in electronic payment systems.

However, the study also identified certain challenges. Specifically, cybersecurity threats, inadequate internet infrastructure in some regions, low levels of digital literacy, and technical malfunctions in some bank mobile applications are hindering the full development of digital banking services. International research also rates information security in mobile banking systems as one of the primary challenges. Furthermore, growing competition is observed among banks regarding the quality of their applications and service levels. In discussions among internet users, it was noted that while some digital banking applications are gaining popularity due to user-friendly interfaces, cashback offers, and fast services, other banks are experiencing technical problems.

Based on the analysis, the following scientific conclusions were reached:

1. In recent years, digital banking services in Uzbekistan have entered a stage of sustainable development.
2. The share of non-cash payments is increasing, accelerating the digital transformation of the economy.
3. Mobile banking and electronic payment systems are significantly increasing the accessibility of banking services.
4. Digital banking services are an important factor in strengthening financial inclusion and the competitiveness of banks.
5. In the future, the widespread adoption of artificial intelligence, biometric authentication, and fintech technologies will further enhance the efficiency of digital banking services.

Consequently, the development of digital banking services in Uzbekistan has been identified as a key strategic direction for ensuring the stability of the banking system, promoting economic efficiency, and shaping a modern digital economy.

Recommendations and Conclusions. To develop digital banking services in Uzbekistan, it is first necessary to further improve the banking infrastructure. In particular, improving internet quality and mobile communication coverage in remote areas will expand the population's access to digital banking services. At the same time, ensuring information security within the banking system remains one of the most pressing issues. Therefore, it is advisable to widely implement biometric authentication, two-step verification, and modern cybersecurity mechanisms in banking mobile applications and electronic payment systems. Research shows that increasing the digital financial literacy of the population is also of great importance. It is essential to organize promotional and practical training programs on using mobile banking, internet banking, and electronic payment systems, especially for the elderly and citizens living in rural areas. This, in turn, will serve to increase public confidence in modern banking services. The analysis has shown that digital banking services are a key factor in increasing banks' operational efficiency, reducing service costs, and expanding financial inclusion. Concurrently, the development of fintech technologies and the popularization of mobile applications are intensifying competition among banks, leading to improved service quality. However, the study also identified certain shortcomings, such as cybersecurity-related issues, inadequate internet infrastructure in some regions, and low levels of digital literacy. To address these problems, it is crucial to widely implement modern information technologies, strengthen security systems, and increase the financial literacy of the population.

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