



SOME ISSUES OF THE DEVELOPMENT OF BANKING INNOVATIONS IN THE COMMERCIAL BANKS OF UZBEKISTAN

Shavkat Bayramovich Babaev

Aybek Nazarbaevich Abdullaev

Mirza Qilichbayevich Sabirov

Inomjon To'raevich Jumaniyazov

PhD, Associate Professor International School of Finance
Technology and Science, Tashkent, Uzbekistan

Abstract

The article examines some aspects of the introduction and development of innovations in commercial banks of the Republic of Uzbekistan based on the study of advanced experience of developed countries, and examines the scientific and theoretical views of foreign economists on banking innovations. Consequently, scientific conclusions, proposals and recommendations on the introduction and development of innovations in commercial banks of Uzbekistan were formed.

Keywords: commercial banks, innovations, financial technologies, mobile applications, remote banking services, digital technologies.

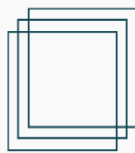
Introduction

In order to ensure the financial stability of banks and protect the interests of depositors and creditors, it is necessary to comply with prudential standards set by the Central Bank, and one of these prudential standards is the liquidity ratio, which determines the need to establish a reliable liquidity system in banks [1].

Devaluation reserves are included in the fixed capital of commercial banks and are not a relatively stable source of financing for banking activities. As Chris Barltrop, an expert with the World Bank for Reconstruction and Development, puts it: "Bank capital is a reliable and relatively expensive form of financing banking activities" [2]. Therefore, it is expedient to include the amount formed on the balance sheet of a commercial bank at the expense of devaluation reserves in the additional capital structure.

Theoretical, methodological and practical issues of innovations in banking system were studied in the scientific works of foreign scientists, economists such as E. Gill, T. Koch, E. Reed, X. Grüning, E. Dollan, L. Roger, A. Simanovsky, O. Lavrushin, V. Usoskin, G. Panova, J. Sinki, R. Kotter, W. Soto, Moiseev, E. Zhukova, G. Beloglazova, N. Valentseva, A. Gavrilenko, V. Kolesnikov, G. Korobova, L. Batrakova, A. Litvinova, O. Ovchinnikova, G. Panova, V. Rodionova, I. Rykov, G. Tosunyan and others[3].

In today's world, leading banks strive to endlessly improve the quality of their banking services while reducing the cost of their maintenance. The range of banking and financial services is expanding every year, new types of products and services are constantly



appearing on the market. This factor serves to intensify competition between banks for each client.

Materials and Methods

This research is focused on the measures aimed at improving the development of information technologies in the enterprises. Such research methods as comparative analysis of the practical data, statistic tables and other relevant data have been widely used in the research. Basing on the research results appropriate proposals and recommendations have been developed.

Result and Discussion

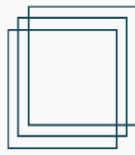
In order to ensure the financial stability of banks and protect the interests of depositors and creditors, it is necessary to comply with prudential standards set by the Central Bank, and one of these prudential standards is the liquidity ratio, which determines the need to establish a reliable liquidity system in banks[4].

One of the main risks for banks in the Republic of Uzbekistan is to improve the quality of credit portfolio and risk management, pursue a moderate growth of lending, pursue a balanced macroeconomic policy, ensure technological stability of the banking system through the implementation of technological solutions for assessing financial risks liquidity risks will need to be identified and managed early[4].

It is known from international banking practice that the primary means of ensuring the solvency and liquidity of commercial banks is to strengthen their capital base. In turn, the strengthening of the capital base of commercial banks will be achieved by improving the system of effective capital management. At present, there are a number of issues that need to be addressed to ensure the stability of the capital of commercial banks of the country. In particular, the problem of effective management of the authorized capital of commercial banks and the efficiency of the use of bank assets.

One of the main risks for banks in the Republic of Uzbekistan is to improve the quality of credit portfolio and risk management, pursue a moderate growth of lending, pursue a balanced macroeconomic policy, ensure technological stability of the banking system through the implementation of technological solutions for assessing financial risks liquidity risks will need to be identified and managed early[4].

In addition, the significant changes that have occurred over the past decades in the banking system of Uzbekistan and other countries, namely those related to the emergence of new types of services and technologies of the banking sector, actualize the problem of increasing the competitiveness and efficiency of providing banking services. The actualization of these factors largely determines the logic of the study of the mechanism of cashless payments in the transition to a digital economy. At the same time, not only the development of the theoretical provisions of this problem is of great importance, but also their practical application, including in the framework of the development and implementation of an effective and integrated payment system.



The development of market relations requires commercial banks to introduce innovations in remote servicing of various categories of customers. In particular, in the Action Strategy for five priority areas of development of the Republic of Uzbekistan in 2017-2021, special importance is given to deepening the reform and ensuring the stability of the banking system, the level of capitalization and deposit base of banks, strengthening their financial stability and reliability[5].

The improvement of payment systems and the prospects for their implementation in banking practice were devoted to in addition, academic economists of Uzbekistan such as T. Karaliyev, Sh.Abdullaeva, A.Omonov, T.Bobakulov, Z.Kholmakhmadov and others devoted a lot of work to maintaining and improving cashless payments in Uzbekistan.

According to our local scientist R. Shomurodov, an expert on monetary policy: The results of a study of the financial and banking system of developed and developing countries show that the capitalization of commercial banks directly affects the development and stability of the country's economy. Bank loans also support the development of small and medium-sized businesses, private entrepreneurship and stimulate the development of infrastructure for an innovative and digital economy in the country[6].

However, despite a significant number of studies devoted to theoretical, methodological and applied problems that arise in the process of developing cashless payments, in the context of the introduction of information and innovative technologies in the banking system, in our opinion, the theoretical and methodological support of this process has not been fully formed.

The globalization of all processes affects the emergence of new models and digital technologies. Therefore, today the banking industry is rapidly changing under the influence of a number of global challenges: changing consumer preferences of customers; the emergence of new technologies and the pace of implementation of existing ones; decrease in the marginality of the global banking sector and increased regulatory requirements; competition from FinTech companies.

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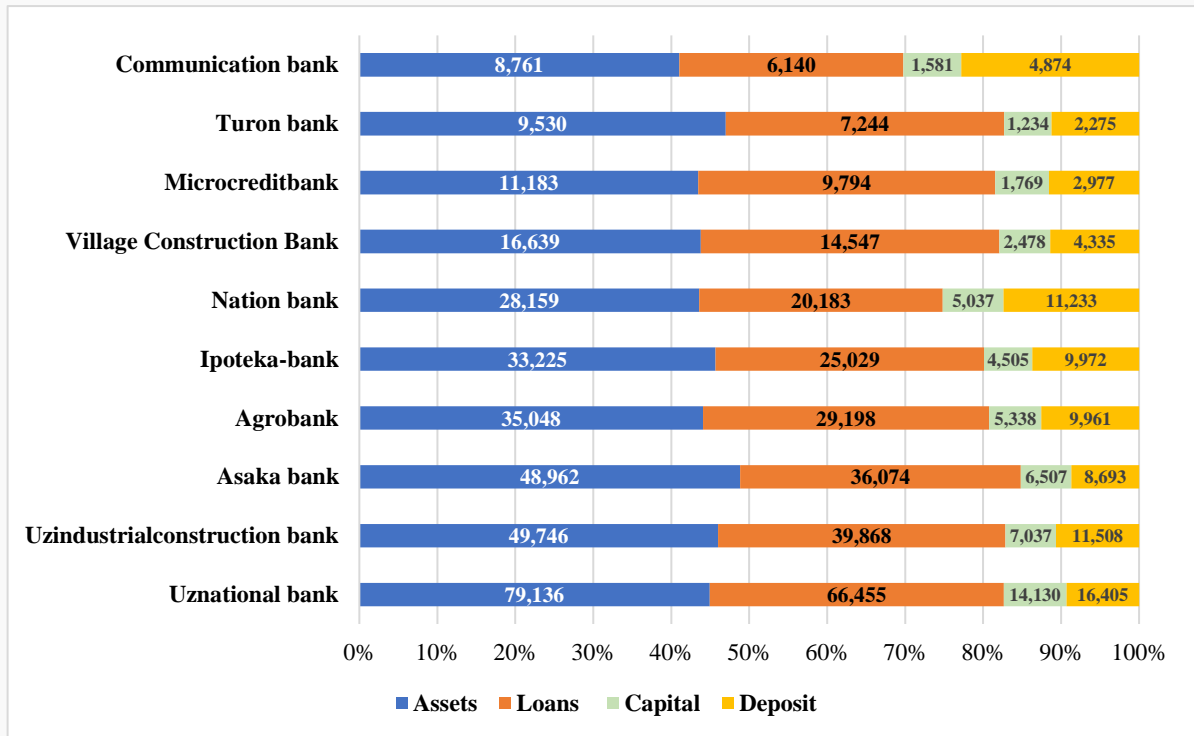
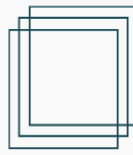
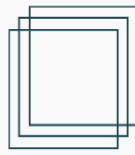


Figure 1. Key indicators of state commercial banks of the Republic of Uzbekistan as of 2023 Top-10 (in billion soums)

The above analysis shows that among the state-owned banks operating in the country, UzNational Bank is ahead in terms of total assets with 79,136 billion soums. In terms of loans, the UzNational Bank ranks first with 66,455 billion soums. In turn, the capitalization of the National Bank is 14,130 billion soums, and the UzNational Bank leads in deposits with 16,405 billion soums.

The lack of issue income in the capital of commercial banks of the country indicates that the secondary market of securities issued by commercial banks is underdeveloped and is not considered as an object of regular trading. However, in the capital of commercial banks in many foreign countries, the amount of issue income occupies a significant share. For example, it is second only to the government in terms of the volume of securities issued by commercial banks in the United States, the United Kingdom and Japan, and their participation in trading in financial markets. Given that one of the most convenient and profitable areas in the process of further deepening the liberalization of the economy is to increase the amount of resources attracted by commercial banks through issuance of shares and certificates of deposit, then regular participation of commercial banks in securities market development its role in making it even more pronounced.

Improving the system of cashless payments in the banking system directly depends on the development of new banking products. Banking innovations are a powerful tool for the socio-economic development of society. Under the influence of many economic and social factors, banking products and services are evolving. The Central Bank of



Uzbekistan and commercial banks are expanding cashless payment systems and Internet banking, mobile banking, and SMS banking are becoming more accessible to customers.

Conclusions

We can also see a significant increase in the number of terminals installed and terminal services compared to the last three years. This will create favorable conditions for the population and entrepreneurs using banking and financial services, as well as facilitate faster cash flow. As shown in the table above, the Khalq Bank has issued 51,462 terminals in terms of the number of terminals, while Agrobank has the highest number terminals with 1,971.

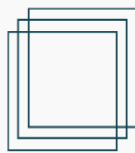
1. Innovations have become a characteristic feature of modern development in all spheres of the economy, including banking. In a highly competitive environment, it is important to find a way to retain existing customers and attract new ones. this is doubly difficult.
2. For large-scale innovations, a fundamentally new level of interaction between big business, the state, science and technology entrepreneurs is needed. In fact, large companies and basic research are the sources of most global innovation.
3. Improving the system of cashless payments in the banking system directly depends on the development of new banking products. Banking innovations are a powerful tool for the socio-economic development of society. Under the influence of many factors, the evolution of banking products and services is taking place.
4. Developed countries have many years of experience in introducing, developing and improving the system of cashless payments based on innovation and digital technology. In addition, an analysis of the best practices of developed countries shows that the system of cashless payments has been improved under the influence of innovative ideas and technologies.

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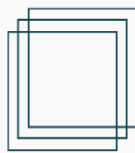
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