

DIRECTIONS FOR THE DEVELOPMENT OF RETAIL SERVICES OF COMMERCIAL BANKS

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Abstract

The article presents the results of a comparative analysis of the features of the formation of tariff policy used in the practical activities of foreign and domestic commercial banks. In addition, proposals and recommendations developed by the author for improving tariff policy were made. The concepts of banking products, banking operations and banking services are widely used in the theory and practice of banking. But they are based on the concept of a product. A product is essentially an economic form of historically created material assets in the form of products and services.

Keywords: Commercial banks, tariff policy, retail services, macroeconomic factors.

INTRODUCTION

Despite the consistent development of the banking system of Uzbekistan and the implementation of significant measures to increase the accessibility of banking services, "...financial accessibility remains low due to the orientation of banks' business models to serving corporate clients, and the slow development of innovations and information systems"[1]. The current situation in the field of retail banking services requires theoretical and methodological improvement in such areas as a comprehensive transformation of the activities of commercial banks, the introduction of modern banking standards, information technologies and software products, expanding the scope of remote services, increasing the network of low-cost service points, and integrating financial, transactional, and lifestyle consumption of customers into a single system on an electronic platform.

In the scientific research of leading foreign economists and reputable research centers in the world, the problems of developing and increasing the efficiency of banks, including their retail services, in the process of digital transformation have occupied a significant place. In the provision of retail banking services, serious attention is being paid to the introduction of innovative business models, the expansion of the range of retail products and services offered on the basis of digital technologies, their diversification, the reduction of operational and market risks, the increase of the level of cyber security, the introduction of digital currencies of central banks into circulation, problems related to distributed registry technologies and cryptoassets, the use of electronic money and service tokens, and other types of retail banking services.

Literature Review

Problems related to banking services, especially retail services, are reflected in many scientific works of our country and foreign scientists. In particular, F. Suyarov's article entitled "Retail banking services

market" approaches the retail services of commercial banks as retail banking and concludes that "Retail banking is the provision of many banking services for individuals." [2] Russian scientists G.N. Beloglazova, A.M. According to Tavasiev, banking service is based on transaction, that is, as a result of banking transaction, banking service is created and this transaction satisfies the demand of bank client. [3] Unlike the above scholars, A.N. Ivanov includes in the banking product, a set of interrelated banking services and operations to meet the client's demand for individual banking activities.[4]

Economist E.F. Zhukov included only financial services in the concept of banking services, considering that the bank mainly performs operations. He divided banking operations into active and passive operations, and included leasing, factoring, forfeiting, and trust operations among the financial services of the bank. [5]

Russian scientist S. V. Galitskaya's view also coincides with the views of the above scholars, but differs from them in that banking services include active and passive operations and considers capital to be the object of banking services. [6]

In her scientific research work "Managing the processes of developing an innovative ecosystem based on the concept of platforms" [7], O.A. Popova notes that by introducing new business models in the service sector, the possibilities of transforming sectors of the economy and markets are expanded, and platforms go beyond the scope of a single company. It was noted that establishing partnerships and creating competitive advantages in the form of digital platforms has become a driver for shaping the innovative economy, as well as that the platforms themselves are constantly changing. At the same time, the main problems in this area are related to improving technological platforms, developing human capital, and increasing operational efficiency. It is recognized as a dependency.

Analysis and Results

The role and importance of macroeconomic factors in expanding the scope of retail banking services were studied, and a correlation-regression analysis of factors affecting the dynamics of retail services of commercial banks and the efficiency of the retail banking services market was carried out.

The growth or, to a certain extent, limitation of the types and volume of retail services offered by commercial banks occurs under the influence of macro-level factors such as the dynamics of real incomes of the population and changes in the structural structure of consumer spending, the level of development of information and communication networks, the development of financial intermediation services and financial market instruments, and financial inclusion (popularity).

It should be recognized that each of the listed factors is a unique "mixture" of many other factors, and they are also closely interconnected. In particular, the population's debt burden, cross-border transfers, the level of inflation in terms of consumer goods and services, as well as inflationary expectations, social transfers, and other factors, having a direct effect on the real income of the population, form their payable demand. Payable demand supports the primary consumption and ensures the development of information-communication and communication networks, financial intermediation services and financial market instruments, which are objects of secondary needs.

Changes in the dynamics of the population's real income affect the level of their debt, including the demand for loans.

**Table 1 Dynamics of loans allocated by commercial banks to individuals
(in billion soums)**

Indicators	2018	2019	2020	2021	2022
Mortgage loans	9 791	16 467	20 326	28 301	35 946
Microloan	304	1 116	3 177	5 737	9 429
Consumer loans	1 060*	3 771*	9 963*	12 237 *	12 795*
Loans for business development	4 231	5 123	6 467	8 613	11 326
Other loans					
Total credits balance	15 386	26 477	39 934	54 888	69 496
Credit portfolio balance of commercial banks	100 658	140 762	211 58 1	276 975	326 386
Ratio of loans allocated to individuals to the total loan portfolio (percentage)	15,3	18,8	15,9	19,8	21,3

* Consumer loans include car loans.

According to Table 1, the volume of loans, which is the most demanding part of the bank's retail services, is growing steadily. At the beginning of 2020, the balance of loans allocated to individuals amounted to 39,934 billion soums, while at the end of 2021 it increased to 69,496 billion soums. As of July 1, 2022, the balance of loans increased to 80,461 billion soums. The increase in the balance of loans was observed in all components. In particular, the largest growth rates occurred in mortgage loans (increased by 20,301 billion soums during 2020-2022, or almost 2 times), microloans (increased by 11,935 billion soums during 2020-2022, or 4.7 times).

However, it should be noted that the widespread introduction of the practice of purchasing consumer goods and services on a fixed-term payment basis in retail stores may have had an impact on the above situation. In addition, statistics on car loans issued by banks do not include data on the sale of cars on a fixed-term payment basis in the primary and secondary markets outside the banking system. Since data on transactions carried out on a fixed-term payment basis outside the banking system are not sent to credit bureaus, the indicator of loans issued by commercial banks cannot accurately reflect the level of debt burden of the population.

The number of users of remote service systems provided by Aloqabank JSCB at the end of 2023 amounted to 505,814, of which 483,142 were individuals, 22,672 were legal entities and individual entrepreneurs. Despite the increasing trends in the number of users of remote service systems, it remains low compared to the number of bank cards issued. In particular, at the end of 2021, the number of plastic cards of all types in circulation was 1,086,986, while the number of users of remote services amounted to 483,142 or 44.4 percent. This indicates that the majority of bank card holders do not have a demand for most of the services offered by the bank. They are limited to services related to withdrawing cash from bank cards, checking the history of account transactions and checking the balance.

Conclusion

Retail banking services consist of: attracting deposits from the population, satisfying their needs for credit funds, making payments, and helping to eliminate financial problems related to lifestyle.

Despite the fact that the problems in the provision of retail banking services are being gradually eliminated, fundamental issues related to studying customer demand, offering personalized services, establishing reliable and strong partnerships, developing a package of banking and non-banking services and organizing their sales processes remain ignored.

According to the results of an econometric model assessment of the factors affecting the volume of transactions carried out by commercial banks through remote banking channels, it was found that the average interest rate on deposits attracted has a strong impact on the volume of transactions carried out through remote banking channels.

To develop retail banking services, thereby solving the problem of eliminating discrepancies between the volume and scope of offered services and products, it is necessary to adapt the types of services and products to the needs of customers.

One of the priority issues that should be taken into account in the development of measures for the further development of retail banking services and the elimination of existing problems is the formation of the client's profile (level of needs and capabilities).

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