

EFFECTIVE WAYS OF IMPLEMENTING DIGITAL TECHNOLOGIES IN THE BANKING-FINANCIAL SYSTEM

Shokirov Shoxrux Husen o'g'li

TUIT, Master, shoxruxshokirov9@gmail.com

Xurramov Shohboz Xurram o'g'li

TUIT, Master, shohboztuit@gmail.com

Yodgorova Muxayyo, TUIT

Student, muhayyo432@gmail.com

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ANNOTATION: Nowadays, almost all parts of the global economy have transitioned to a structure based on digital technologies. In this modern era, almost every member of society, in a field that has not embraced the path of digital economy, becomes a participant of digital technologies, leading to development.

Keywords: finance, bank, digital technology, economy, efficiency, development, information.

Currently in our republic, the development of the digital economy has led to an increased demand for new innovative electronic services from commercial banks. Without going to the bank building, individuals can now perform various operations through phones, computers, or other information technologies. Additionally, accessing the necessary information, conducting various transactions, making payments, placing orders, and submitting complaints or feedback can be done by entering the selected institution's mobile application or official website. Thanks to the digitization of collected information in electronic databases, software and devices have been created that allow banking operations that previously required waiting for a certain period to be completed in just a few seconds.

In the country, adjusting the inflation rate has been dedicated to the main goal of the Central banks. The noticeable increase in the high rate of inflation contributes to the slowdown of economic growth and the depreciation of the real value of people's incomes. The Central Bank of the Republic of Uzbekistan aimed to bring the inflation rate to 10 percent in 2021 and set a continuous inflation target of 5 percent in 2023, starting from January 1, 2020. The implementation of a phased inflation targeting regime for monetary and credit policy mechanisms was set as a goal by President Shavkat Mirziyoyev, as emphasized in the decree of September 13, 2017, titled "On Further Improvement of Monetary Policy Measures" with the resolution number PQ-3272.

In the contemporary age to accomplish economic growth, it is essential for us to first advance along the path of modern information and communication technologies, the internet, and digital technologies by applying knowledge and skills in practice. For this purpose, it is crucial to consistently promote the effective use of innovative technologies in all layers of our society. President Shavkat Mirziyoyev's initiatives in 2018 aimed at the development of the digital economy in our country, particularly the creation of the "National Concept of the Digital Economy," emphasized the importance of updating all sectors of the economy based on digital technologies.

On October 5 of the current year, the President of the Republic of Uzbekistan approved the decree "On the Approval of the Strategy for the Implementation of the 'Digital Uzbekistan – 2030' and Measures for Its Effective Implementation" with the resolution number PF6079.

Moreover, in addition to the decree PF-5349 dated February 19, 2018, "On Measures to Further Develop the Information Technologies and Communications Sector," and the resolution PQ-3620 dated March 23, 2018, "On Additional Measures to Enhance the Accessibility of Banking Services," the President of the Republic of Uzbekistan issued the decree PQ-3832 dated July 3, 2018, "On Measures to Develop the Digital Economy in the Republic of Uzbekistan," along with the resolution of the Cabinet of Ministers dated August 31, 2018, "On Additional Measures to Implement and Further Develop the Digital Economy in the Republic of Uzbekistan." These documents provide a legal basis for the development of remote provision of banking services in the conditions of the digital economy.

The concept of digitizing the financial system was introduced by the American scholar Nicholas Negroponte in 1995 at the Massachusetts Institute of Technology [2]. He predicted the transformative impact of information and communication technologies on the economy, outlining the possible changes in transitioning from the old to the new economic paradigm. Implementing digital technologies in the financial system involves conducting business activities that include processing and analyzing large amounts of data visible in digital transactions. It aims to achieve more efficient solutions in various aspects such as production, service provision, technologies, equipment, storage, and delivery of products through the analysis of reprocessed information. In other words, the digital economy involves online service provision, electronic payments, the development of internet commerce, and other areas related to the advancement of digital computer technologies.

The development of digital technologies is seen as a fundamental element, encompassing electronic commerce, internet banking, electronic payments, internet advertising, and online games. The advancement and application of information technologies bring about various conveniences in our daily lives.

Consider a scenario where we want to have a meal but don't feel like preparing it. In this case, digital technologies come to the rescue. We can order any desired food online through the food delivery service. Similarly, if we need to transfer money to a friend, there's no need to go to banks or financial institutions; we can easily do it through mobile banking. Many types of services can be carried out online using a smartphone or computer.

Implementing digital technologies in the financial system opens up several advantages. The development of information and communication technologies, coupled with the application of modern technologies in our lives, provides numerous positive opportunities. The evolution of digital technologies enables individuals to quickly benefit from the necessary services, facilitating the acquisition of essential products and services through online platforms. For instance, buying an electronic version of a book can be more cost-effective than purchasing a printed copy. Alternatively, an ordinary consumer can become an entrepreneur by engaging in online commerce without leaving home.

Banking systems have traditionally been conservative in many cases, with high barriers for non-bank competitors to enter. However, digital technologies based on cloud, mobile, social, and analytical technologies have significantly reduced these barriers. In order to strengthen innovation in the banking system, regulatory bodies in many countries have introduced measures to facilitate the entry of innovative organizations into the system. As a result, financial institutions based on fully digital technologies respond quickly and efficiently to the demands of customers, providing them with new and sophisticated methods.

Unlike the old system, organizations embracing fully digital technologies adapt to the changing demands of customers in new and complex ways. Examples include e-commerce leaders like Tesco in Europe, Rakuten in the Asia-Pacific region, and Walmart in the United States, entering the banking system. Currently, entrepreneurs worldwide, including traditional banks themselves, are forming fully digital banks or neobanks. Examples include BankMobile, Number 26, Atom, ZenBanx, and NuBank. The distinguishing feature of these neobanks is their reliance on digital technologies.

The transformation process in these banks in our country includes the following directions:

- Opening bank service centers in locations where ordinary cash desks and branches with high costs used to operate, replacing them with operational service centers that work less than 12 hours a day, and smart offices.
- Providing consultancy services for corporate clients not only in business planning but also in the process of preparing and managing business from business planning to business operation.

In order to expand the outlined processes, the strategy for the transformation of the banking system in the Republic of Uzbekistan for the years 2020-2025 was approved by the presidential decree PF5992 dated May 12, 2020. According to this decree, starting from the current year, transformation processes in banks have been defined. The strategy aims to introduce modern technologies, increase the number and scope of contactless payments, expand automated scoring systems, implement digital identification, utilize the credit conveyor extensively, and establish business models based on the priorities of digital banking. In our opinion, to contribute to the development of the digital economy through the enhancement of financial services, banks need to address the following issues:

- Banks must further develop their role as the locomotive of the economy, taking into account the advantages, specialization, and growth points of financial services, and shape and implement them in a targeted manner.
- Banks, being financial institutions primarily, should be organized and operate based on financial goals and market mechanisms.
- Banks should be prepared to address situations where they need to perform tasks beyond their primary activities.

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