



INTERNATIONAL APPROACHES TO ENHANCING THE EFFICIENCY OF BANKING SERVICES IN THE DIGITAL ECONOMY

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Abstract: The article examines the current and accelerating transformation of the banking sector in the world. The development of digital banking models is fundamentally changing the market and introducing new solutions to traditional banks.

Keywords: Digital economy, digital fintech, challenger bank, mobile banking, internet banking, artificial intelligence, skilled service.

Global experience shows that the banking sector is currently at the forefront of digital transformation. Traditional banks that aim to remain competitive in the digital economy are becoming more dynamic and are making significant efforts to adopt new digital transformation technologies in order to increase their responsiveness and agility.

The rapid development of financial technologies (fintech) has led to the emergence of a new generation of banks—digital banks, most of which are focused on retail customers. Digital banks operate without a physical branch network, using mobile applications and websites to provide banking services.

They are often referred to as online banks or direct banks, and in the United Kingdom, for example, they are classified as “challenger banks”³⁰. The range of services offered by digital banks is similar to that of fintech companies and includes account operations, lending, investment, and deposit services.

At the same time, digital banks are increasingly adopting new operational formats that depend on a country’s level of economic and technological development, the legislative framework in place, and the overall development of the banking sector. Some of the most well-known digital banks include Citibank, Atom, Monzo, and Revolut (UK), Fidor Bank (Germany), Saxo Bank (Denmark), Moven (USA), Nemea (Malta), WeBank and MyBank (China), Tinkoff Bank (Russia), Ferratum (Finland), and Morning (France)³¹.

An analysis of international experience in digital banking development shows that a digital bank is an institution equipped with a modern set of capabilities from the perspectives of customers, investors, and the bank itself.

New digital banks have several key advantages:

- Customers can access banking services 24/7 from anywhere in the world;
- The elimination of physical branches reduces operating costs, while lower transaction costs lead to more affordable banking services;

³⁰ Kovalev, M.M. From fintech companies to digital banks / M.M. Kovalev, G.G. Golovchenchik // Bulletin of the Association of Belarusian Banks. – 2018. – No. 8. – Pp. 13–24.

³¹ Ernst & Young. Mode of access: EY Global Banking Outlook 2019 [Electronic resource] // Ernst & Young. – Mode of access: https://www.ey.com/Publication/vwLUAssets/Global_Banking_Outlook_2019



• Customers save time by conducting all transactions remotely at their convenience and gain wider regional access through the internet;

• Digital banks build a strong image as modern, technologically advanced institutions that offer a high level of service. Additional advantages of digital banks include low service fees, increased speed and security of operations, and the ability to minimize the time required for customers to

complete transactions. Another important feature of digital banks is their integration with social networks and the use of digital marketing strategies based on these platforms.

Among the most important directions of digital transformation in commercial banks is the sale of financial services through mobile and online platforms. This approach improves service quality, enhances customer interaction, reduces time and operational costs, strengthens personal data security, and increases the speed and efficiency of banking services.

Traditionally, since the emergence of banking, customer service was provided through direct physical contact at bank branches. With the development of remote banking services, new service channels such as telephone banking, terminal banking, internet banking, TV banking, and mobile banking have appeared. Mobile banking, in particular, enables payments and money transfers directly from one individual's smartphone to another. Modern digital banking not only provides digital communication channels but also offers digital products that meet customer needs around the clock.

A digital bank is more than just a paperless institution. Leading banks actively study customer experience in order to deliver faster, more efficient, and higher-quality services. The implementation phase of the digital banking model is largely based on mobile and web applications and is characterized by the emergence of new communication methods at points of sale, bank branches, and self-service devices. These include social media platforms and interactive video communication with customers.

According to forecasts by leading global experts, by 2025 more than a quarter of the global economy will be digital. As a result, the implementation of economic digitalization technologies that ensure effective interaction between government, business, and society is becoming increasingly widespread and dynamic. More than 15 countries worldwide are currently implementing national digitalization programs, including Denmark, Norway, the United Kingdom, Canada, Germany, Saudi Arabia, India, Russia, China, South Korea, Malaysia, Singapore, Australia, New Zealand, and Kazakhstan.

For example, China integrates the digital industry with traditional industries through its Internet Plus program. Singapore is developing a "Smart Economy," Canada is creating an ICT hub in Toronto, South Korea's "Creative Economy" program focuses on the development of human capital, entrepreneurship, and ICT achievements, while Denmark emphasizes the digitalization of information and communication technologies in the public sector.

The transition from traditional to digital banks and the in-depth study of customer needs have become a clear global trend. Establishing a digital bank requires process optimization, the adoption of a new organizational culture, the ability to respond quickly



to market changes, and the use of flexible IT solutions that enable personalized service offerings. Banks are making significant investments in the development of digital banking business models. Established digital banks already deliver the majority of their products and services through digital channels. Their infrastructure is optimized for digital communication and designed to adapt quickly to technological changes. The number of such banks continues to grow, with the most advanced institutions operating without physical branches or ATMs. One of the key indicators of digital transformation in financial services is the use of financial technologies. These include payment technologies, insurance technologies, regulatory technologies, cybersecurity solutions, and digital currency systems. Technology is reshaping the financial services market by offering tools such as expense tracking applications, chatbots for customer support, and budgeting solutions that significantly improve the customer experience. As a result, innovation, technology, and fintech startups have become major drivers of digitalization in the financial services sector. The rapid changes introduced by fintech companies are forcing traditional financial intermediaries to take decisive measures, reassess their business models, and review the range of products and services they offer. Increasingly, traditional banks are partnering with fintech companies to provide customers with faster, more efficient, and cost-effective services.

Thus, financial technologies are becoming a key factor in improving the efficiency of banking operations, digitizing customer interactions, and expanding access to financial services. In particular:

1. The introduction of modern digital technologies such as mobile banking, internet banking, artificial intelligence, and machine learning enables banks to optimize service delivery processes and improve their speed, convenience, and quality.

2. It is essential to regularly inform customers and systematically improve their financial literacy so that they can effectively use banking products and services. This helps strengthen trust in the banking sector, increase financial inclusion, and expand the reach of banking services.

3. Digital transformation is no longer optional for financial institutions but a critical factor in maintaining competitiveness. Before initiating transformation, bank management must identify existing needs and opportunities to create a solid foundation for the implementation of new technologies.

In conclusion, the digitization process is opening the market to new participants—fintech companies—while intensifying competition in the banking services sector. At the same time, digital transformation provides traditional banks with opportunities to modernize their business models, improve service quality, and remain competitive by adapting to digital technologies.

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