

**Abdurakhmonov Abdulaziz<sup>1</sup>**

<sup>1</sup> Student, Tashkent State University of Economics,  
Faculty of Economics,

Email: [abduraxmonovabdulaziz7679@gmail.com](mailto:abduraxmonovabdulaziz7679@gmail.com)

**Annotation:** *A digital bank is a bank or its subsidiary that provides remote banking services using innovative banking technologies. In this article, we will define the concept of "digital banking" using the example of the activities of ANOR BANK JSC and analyze the current state of digital banking services and the bank's activities. Also, as a result of comparing the activities of traditional banks and digital banks operating in the country, conclusions were drawn about the development of banking services in the country.*

**Keywords:** *Digital banking, digital banking, digital innovation, mobile application, traditional banking, call centers, online credit, online deposit.*

The system of modernization and simplification of banking services plays an important role in the development of financial services in the country. Today, information technology, as in all areas, is widely used in the banking system. The development of digital banking in the banking system is one of the key issues for economic growth, especially in the context of the global coronavirus pandemic. Regarding the banking system, the President said: "Unfortunately, the banking system lags behind modern requirements for the use of digital technologies, the introduction of new banking products and software." At the same time, we must recognize that digital banking services need to be developed. One of the important issues is the development of a digital banking system that will increase user confidence in the banking system and offer convenient services.

Studies show that a bank or its subsidiary providing remote banking services using innovative banking technologies (without providing cash services) is a digital bank. This definition is given to the entire bank or branch of the bank. Digital banking should be considered as a software package for the online delivery of banking products to users of banking services. According to A.A. Gontarya, "Digital banking is a new form of interaction between a bank and its clients, including innovations in the field of financial services for consumers and commercial clients in the field of digital, information and technology strategies."

Researchers Suhat Tungjitnob, Kitsuhart Pashupa, Buntavi Suntisrivaraporn in their study expressed the following views on "Mobile Banking": may increase. In addition, the mobile banking application reduces the cost of expanding additional branches. It will also be useful for the bank to receive information about customers from the application."

"Studies in developed countries have shown that e-banking reduces transaction costs and therefore brings great benefits to banks. Digital banking creates more earning opportunities as they generate income from additional interest-free sources. The introduction of affordable e-banking services and products has enabled banks to attract potential customers and increase their market share."

The concept of digital banking was first introduced into the legislation of Uzbekistan in 2018, and the first paragraph of the Regulation "On the procedure for registration and licensing of banks" defines digital banking as follows:

"Digital banking is a bank or its subsidiary that provides remote banking services using innovative banking technologies (without providing cash services). Remote provision of banking services by digital banks is carried out in accordance with the internal documents of the bank, taking into account the requirements of the law".

JSC "ANOR BANK" for the first time in Uzbekistan launched its first online banking services as a digital bank in September 2020 and currently provides a range of modern banking services.

Boston Consulting Group analysts have calculated that other developing countries in the digital economy lag behind the leaders by an average of 8-10 years. But if no action is taken, in 3-5 years the gap can reach 15-20 years. Within the framework of the Industry 4.0 concept, this indicator is one of the key indicators in determining the rating of the investment competitiveness of the national economy.

Today, the banking industry is engaged in a digital arms race around the world. In 2018, global banks are investing \$9.7 billion in digital banking capabilities. Plans to invest in USD. In many commercial banks, the creation and development of online and mobile banking applications is considered more important than the expansion of conventional bank branches and ATMs..

Banks around the world already understand how to invest in digital technologies and how to attract and satisfy customers. For example, Bank of America accepted more online deposits than traditional bank branches. According to Brian Moynihy, CEO of the bank, investing in digital banking services will help meet customer needs.

Indeed, the concept of "digital banking" has developed rapidly in European countries during 2015-2020. Digital banks are widely using modern digital innovations to provide more convenient and useful services to their customers..

Unfortunately, according to the World Economic Forum, our country is one of the last in this indicator. Achieving the widespread use of the digital economy in the national economy is one of the key issues in overcoming its negative consequences in the financial sector. The use of digital banking methods, ensuring economic security and paying special attention to the development of mobile systems are important for the development of financial markets and banks.

After the signing of the Decree of the President of the Republic of Uzbekistan No. PF5296 "On measures to radically improve the activities of the Central Bank of the Republic of Uzbekistan", the banking system was reorganized and the task was set to further improve the quality of customer service using banking technologies.

Accordingly, in 2020 Anorbank and TBC Bank will be registered as digital banks in Uzbekistan. Today, Anorbank, a digital bank, offers its customers a complete digital service through mobile applications or desktop computers. This means that a digital banking customer can use banking services 24/7. In other words, in the digital banking system, the client is provided with a mobile application, and the mobile application is based on the high flexibility of banking operations with high-tech IT infrastructure..

**Main differences between traditional and digital banks <sup>1</sup>**

Traditional banks	Digital banking
The work of the Bank's branch network in every district, city and region, lack of attention to quality;	non-expansion of the bank's branch network
Low level of online communication between the bank and the client;	100% online communication between the bank and the client
Mobile applications are developed, but mobile applications have constant problems with simple card-to-card money transfers or utility	high-quality and convenient mobile application

<sup>1</sup> Разработано автором

payments, and in many cases system outages occur.	
Deposits and loans that meet market requirements are issued, but in many cases acquaintance plays a big role (if not familiar, then the client wanders for 3 months or more)	Favorable conditions for deposits and loans that meet market requirements (i.e. based on customer demand) and fast service
The round-the-clock answering machine works only on behalf of contact centers, where in order to get an answer to a question, the client needs to contact specialists from all departments of the bank. Client time, the amount paid by the client for telephone communication is not taken into account	availability of fast, high-quality, convenient and responsive call centers 24/7
Basically, you will need a salary certificate and other additional documents.	No need for extra documents
Centralization of management and the role of the human factor	The service provided by the program and the relative contribution of the human factor are reduced
High cost of services due to high bank costs	Low cost of services (no need for large buildings and offices)

As shown in the table above, digital banks mainly serve the convenience of customers. While traditional banks also develop their own mobile applications and operate 24/7 call centers, their operations and management are centralized. This has a negative impact on customer satisfaction with banking services..

Opportunities available in the ANORBANK mobile application:

- Easy registration with Face ID via NFC
- Simple interface
- Smart translation
- Order and delivery of cards
- Currency exchange operations
- Service fee
- Making a loan
- Opening and managing deposits
- Security management through Life ID
- Block cards
- Transfers between accounts and cards
- References and statements on cards and accounts
- Auto payments.

The core of ANORBANK's development strategy is customer focus, which includes a number of elements. These include sensitivity and willingness to help, simplicity of approach that allows people to be one step ahead in life and business, maintaining an individual approach to any client, ensuring the security of processing data as quickly as possible for any request, a focus on performance..

As a result of these efforts and strategies, Anorbank achieved the following results in 2021:

- began servicing the entire Republic;
- The number of employees in the team reached 850 people;
- The client base has been increased to 115,000, 100,000 bank cards have been issued and 350 billion tenge has been attracted from individuals in deposits. amount has been collected;
- the number of partners exceeded 2500;
- More than two hundred organizations have invested a total of 20 billion soums. sums were transferred through Anorbank;
- The application has been downloaded 270,000 times and the number of daily active users of the application is more than 40,000 people.

This means that the digital transformation of financial services will help expand the economic opportunities of customers, while creating a wide range of opportunities for bank customers, which is an important step in increasing financial activity. In other words, one of the prospects of digital banks is to reduce the cost of services by 40-60% due to the digitalization of these financial networks. Visiting the bank saves customers time and money on paperwork.

In a word, the process of transformation of commercial banks and the transition to a digital banking system is a response to the development and active dissemination of new information technologies around the world, and digital technologies not only improve the quality of products and services, but also reduce unnecessary costs. In other words, the development of digital financial services is an important aspect of the development of the country's banking and financial system..

The above figures show that the quality services offered by the bank on the basis of rapid development and customer orientation are widely accepted by customers, and the number of bank customers is increasing day by day. This indicates the beginning of a new trend of digital banking in the banking and financial system of the country. That is why it is becoming increasingly important for traditional banks to pay more attention to the development of digital banking services..

**Reference :**

1. Message of the President of the Republic of Uzbekistan Sh.M. Mirziyoyeva to the Oliy Majlis // Petition January 25, 2020.
2. Khudoykulov Kh.A., Sherov A.B. (2021). DEVELOPMENT OF THE DIGITAL ECONOMY IN THE CORPORATE MANAGEMENT OF A JOINT-STOCK COMPANY. Economics and Business: Theory and Practice, (3-2), 217-219.
3. Matkulieva S., Atabaeva K. (2022). THE ROLE OF DIGITAL BANKING SERVICES IN THE DEVELOPMENT OF INDUSTRIES AND THE ECONOMY OF INDUSTRIES. Scientific Progress, 3(2), 360-363.
4. Sherov, A. (2017). Improving the attraction of extrabudgetary funds to higher education institutions. "Business Expert", (3 (111)), 3.
5. Gontar A.A. Digital banking as one of the components of the economic security of a credit institution // Bulletin of the Volga University. V. N. Tatishcheva. - 2017. - V.1. - No. four
6. A. B. B. Sherov and Sh. B. B. Yusupova (2021). FOREIGN EXPERIENCE OF EFFICIENT ORGANIZATION OF MONETARY POLICY IN THE COUNTRY. Scientific Progress, 2(1), 605-609..
7. Suhat Tungjitnob, Kitsuhart Pasupa, Buntavi Suntisrivaraporn "Identifying SMB Customers from Mobile Banking Click Feedback: Supervised and Semi-Supervised Approaches." Volume 7, Issue 8, August 2021, e07761
8. A. B. B. Sherov and X. M. Radjabov (2021). COMMERCIAL BANKS AS A SUBJECT OF FINANCING INVESTMENT PROJECTS. Scientific Progress, 2(1), 889-893.

9. Thabani Nyoni et al. The Impact of Digital Banking on Commercial Banking in Zimbabwe. IJARIE-ISSN(O)-2395-4396 Volume-6 Issue-6 2020
10. Bakberganovich S. A. (2021). Ways to improve the efficiency of financing higher education institutions. Journal of Marketing and Emerging Economies, 1(7), 49-56.
11. A. B. B. Sherov and X. A. Khudaikulov (2021). ACTIVITIES OF A COMMERCIAL BANK IN THE WORLD FINANCIAL MARKETS. Scientific Progress, 2(1), 1261-1265.
12. Taylor Nicole Rogers, "Bank of America finally sees mobile deposits outperform in-person transactions", The Street, July 16, 2018.
13. Sherov Alisher Bakberganovich, Ruzmetova Gulirano Atabekovna (2022). REFORM OF THE SYSTEM OF HIGHER EDUCATION IN UZBEKISTAN AND IMPORTANT ISSUES OF ITS FINANCING. Eastern Renaissance: Innovative, Educational, Natural and Social Sciences, 2(2), 264-270.
14. Ibodov A., Sherov A. (2015). Analysis of banking risks in Uzbekistan. Scientific research in the modern world: theoretical foundations and innovative approach [L 26], 1, 60-63.
15. Kuchkarov Sh., Sherov A. B. B. (2022). FAMILY BUSINESS AND EGO EFFICIENCY. Scientific Online Journal of Research in Sustainability and Management, 2(1), 154–157.
16. www.Anorbank.uz - official website of Anor Bank JSC
17. www.lex.uz - National database of legislation of the Republic of Uzbekistan