



Improving The Practice Of Retail Banking Services

Askarov Sarvar Anvar ugli

Doctoral student of Tashkent State University of Economics, E-mail: sarvar.askarov@inbox.ru

Abstract: The article analyzed retail banking services, improvement of retail banking services, and their current state based on statistical data. Opinions of economists and the author's approaches and opinions on the development of retail banking services in the context of digital transformation of banks are presented.

Key words: Retail banking services, lending, bank cards, ATM, payment remote banking services.

INTRODUCTION

The most effective way for commercial banks to ensure competitiveness is to gain the trust of customers and create all the conveniences for them, as well as to increase the type, quality and speed of services. After all, the increasing confidence of the population in the banking system is an important indicator of the effectiveness of banks. In order to ensure competitiveness, banks feel a greater need to introduce modern banking services and use new technologies.

In the context of the COVID-2019 pandemic, the implementation of digital banking services, abandoning the traditional methods of providing retail banking services to bank customers, requires the strengthening of competition between banks. In Uzbekistan, retail banking services are becoming one of the promising directions in ensuring bank income and competitiveness.

At the moment, retail banking services occupy a special place in the market of banking services, and they are directed to meet the demand of customers who do not use remote banking services and perform banking services in branches of bank practice. It is known that retail banking services should be paid special attention to several of its features, in particular, as the main consumers, individuals appear on the scene, although the volume of transactions is small, the costs are higher compared to corporate banking services, because the employees of corporate customers also use the bank's retail banking services at the same time. and can widely use the bank's retail banking services to meet their personal needs (Ikramova N.R., 2014).

ANALYSIS AND RESULTS. The number of services of banks, which are considered the main branch of the economic system, is increasing day by day. The availability of traditional banking services from a distance started the era of providing new modern services for banks.

Effectiveness and competitiveness of banks largely depends on the introduction of new banking products and services.

Today's trend in the banking sector is characterized by the transition to conducting business electronically. This leads to fundamental changes in the structure of banking markets, while at the same time it is able to change the ratio between different forms of risks faced by banks and even the nature of banking itself. The first fundamental research in this regard was conducted by the Basel

Committee on Banking Supervision, which was established in 1974 under the Bank for International Settlements. A working group on electronic banking services was established by this committee. Reports "Cross-Border Electronic Banking Issues for Bank Supervisors" (2000) became the result of the work of this group (Basel Committee for Banking Supervision, 2000). Various aspects of this problem have also received considerable attention in the studies of other influential international organizations, namely the International Monetary Fund (IMF) and the Group of Ten (G10) (<http://www.bis.org>). Central banks and banking associations of developed countries, including the German Federal Bank Association, have studied these issues and published the "Studie zum Internet-Online-Banking / E-Commerce" (2000) (Deutsche Bundesbank Monthly Report, 2000), "E-Commerce als Bankdienstleistung" (2000) (Daten, Fakten, Argumente, 2000) has presented the results in scientific reports.

The concept of "service" is interpreted differently by different authors. In some cases, this concept is revealed as a function designed to achieve certain goals, while in others it is viewed as an object with a certain set of qualities.

For example, the well-known marketer F. Kotler interprets the concept of "service" as any activity or benefit offered by one party to another, which is mostly imperceptible and does not lead to the acquisition of something (Kotler F., 1992).

In modern economic literature, the definition of banking services as "mass transactions" is widespread. But this definition does not specify how services differ from other banking operations. In contrast to the banking operation, which consists of the collective actions of the bank aimed at achieving a single economic result, the banking service performs certain tasks accompanying banking operations (Abalkin L. I. i dr., 1995). E.F. Zhukov divides banking operations into assets and liabilities and includes such types of activities as leasing, factoring, forfeiting, and trust operations into the financial services of banks (E.F. Zhukov, 1997).

Based on the above considerations, we considered that the banking service is a set of technically connected banking operations that are carried out on the basis of a mutual agreement aimed at satisfying the needs of the bank client.

The difference between banking products and banking services is specified in the "Banking Code". Banking products mean the material formalized part of banking services - card, passbook, traveller's check, electronic wallet, etc. In modern economic literature, the term "bank product" is usually equated with the concept of "bank service", and sometimes it is used instead of it.

A bank product is a set of interrelated services and operations aimed at satisfying customer needs in specific types of banking activities through banking services. A banking product is understood as a set of connections, services and operations with a tangible form intended for sale in the financial market of the bank, i.e. a banking product is built as a result of a banking operation, and a banking service accompanies it in carrying out banking operations.

The banking service facilitates the optimal execution of banking operations, and the banking services developed and sold together with the banking operations create the banking product.

Currently, modern banking services used in global practice are divided into credit, operational, investment services according to their nature, in addition, there are factoring services, leasing services, services on trust operations, consulting and information services.

Provision of retail banking services is one of the promising areas of banking business, which is gaining importance day by day in the banking system. At the same time, the provision of banking services to the population has its own characteristics. In particular, when organizing it, it is necessary to provide mass customer service, create a network of additional offices, operating cash desks and exchange offices, and maximize the list of various other services. As a rule, providing services to individuals is associated with a small amount of funds, therefore, when providing this service, banks

should minimize their expenses in this area. In particular, they should be automated based on banking technologies.

The software package should be developed to automate the back and front office departments of the bank and cover almost all aspects of its activities to serve individuals. Databases and algorithms need to be developed to be able to serve many clients at the same time.

Software products created on the basis of a single system should be able to connect the operations performed by different employees, control the volume and scope of the performed operations at the same time.

The system automates a wide range of retail banking services, including:

- on deposits of the population in soums and foreign currency (with implementation of logical and arithmetical control over the correctness of these operations);
- with plastic cards;
- with currency exchange (including collection and examination);
- with securities, lottery tickets, commemorative coins and precious metals;
- with safes;
- on accepting utility payments with and without cash registers;
- accounting for valuables stored in different departments of the bank, as well as accepting them for cashing in the evening cash register and recalculated cash register;
- other input and output cash operations, as well as cash withdrawal using the electronic cash register.

Today, the volume of retail banking services provided by commercial banks of our republic is increasing every year, including lending to individuals, accepting deposits from individuals, services related to plastic cards and international money transfers, and the demand for many other retail banking services is increasing day by day.

Retail banking services can be classified into several groups. For example, marketing approach, technological approach and organizational approach can be divided into groups. According to the marketing approach, retail banking services can be divided into four groups:

1. Provision of retail services to individuals who are not bank clients. For example, currency exchange, opening a savings account, withdrawing cash from an ATM, etc.
2. Financial services with individuals who are clients of the bank or organizations who are clients of the bank. For example, payment of utility bills, payment of fees of individuals for various purposes, payment of wages to employees of the organization, etc.
3. Conditional retail services. They are provided to individuals and legal entities. That is, issuing and servicing corporate bank cards, etc.
4. Providing retail services for VIP customers. These services are related to the safe management of clients' funds, securities, consulting services, financial engineering services and other assets, including real estate.

According to the technological approach, banks can provide banking services without opening an account and opening an account for an individual. Examples of services without opening an account include currency exchange, sending money transfers, paying utility bills, etc. By opening an account, many services can be provided over a long period of time.

According to the organizational approach, it is possible to divide into types depending on the organization of the bank, bank branches, mini-banks and banking services center.

The banking industry faces intense competition and frequent changes in the customer base remain a major challenge. It has become a necessity to carefully segment customers for marketing and sales of products and services. Strong competition demands to find effective ways to create modern banking activities, promote products and services to prospective customers, increase

revenues, and improve loyal customer base based on the high consumption level of customers.

The research focuses on retail banking segment customers in Uzbekistan with two important aspects. That is, the first one implies a mechanism of pre-selection of customers in order to find suitable customers among slightly risky customers. The latter means positioning the bank in the most attractive location and segmenting customers to create a suitable product for its customers.

Despite the fact that different industries have developed different strategies and approaches for selling products, the importance of a personal approach to selling products is still high. Obviously, a personal approach to selling products requires two-way communication, which in the case of financial institutions involves a personal approach aimed at taking appropriate measures to convince the other person (Brassington, F., Pettitt, S., & McMillan, K., 2010). The satisfaction after selling the products cannot be ignored. It always serves as a basis for building long and profitable relationships (Storbacka, K., & Nenonen, S., 2014).

The importance of marketing in supporting a personal approach to selling products depends on the parameters that determine consumer satisfaction and perception of services (Ajzen, I., 2008). It can be seen that many international banks do not have an easy way to sell banking products even with a marketing service. Because standardization is always subject to different normative frameworks, cultures, languages and social understandings.

The services produced by the banks are of course profit-oriented, but at the same time, services should be provided based on customer demand. Since the 1970s, the development of banking technology and software by banks to meet customer demands has become increasingly popular.

First, let's start by understanding the meaning of the word retail banking. The word "retail" has different interpretations in many foreign languages. The term "retailing" means "retail sale" in English, while the word "retailer" means "to cut something into pieces" in French (Brown S., 1992). That is, according to economist D. Gilbert, a person engaged in retail trade takes large quantities of goods and "distributes them into small amounts for the purpose of selling to individual consumers" (D. Gilberta, 2005). This classifies retail trade as small trade that repeats many times. This means that the retail sale of goods and services is intended for final consumers (D. Gilberta, 2005).

Retail banking is sometimes called consumer banking or personal banking. It is a bank that provides financial services to retail customers and individual consumers. Retail banking is the provision of services for retail consumers to manage their money, access to credit and securely deposit their money, savings accounts, mortgages, personal loans, credit cards and certificates of deposit (Mamadiyarov, Z., 2021).

In banks, retail banking is a special direction of banking activity, and it is said to offer individuals and legal entities account opening and cashiering, deposit and credit services, as well as many other banking goods and services.

Many economists have tried to divide retail banking services into three major groups. For example, scientists of the first group refer to retail banking services as "service provided to small customers", scientists of the second group understand it as "service provided to customers in bank branches", and economists of the third group consider retail banking services to be mass banking services, the conditions and range (types) of its implementation. They argue that it is predestined. Such services are intended for individuals and try to show that it has an individual character (Kalistratov N.V., Kuznetsov V.A., Pukhov A.V., 2006).

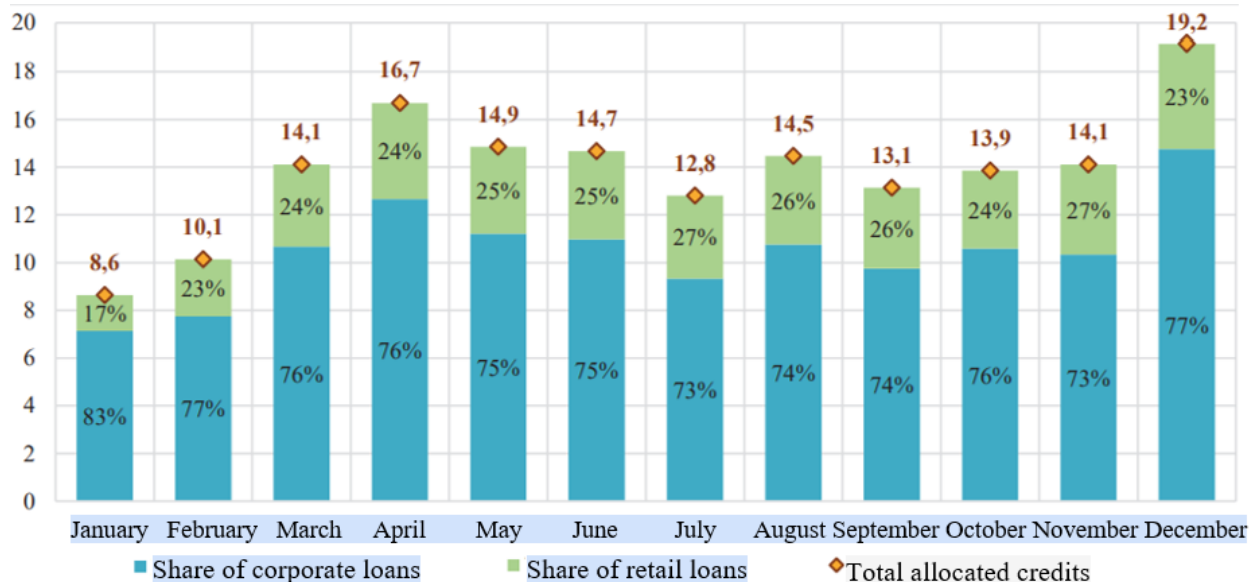


Figure 1. Loans allocated by banks in 2021 (in trillion soums)

In 2021, the total assets of commercial banks will grow by 22% and reach 444.9 trillion as of January 1, 2022. amounted to soum. 71% of assets are contributed by credit investments.

In 2021, 166.7 trillion will be allocated by banks to meet the economy's demand for credit and provide financial support to business entities. in the amount of soums or 28% more loans compared to the set target indicator for lending (130 trillion soums). 76% of these loans (126 trillion soums) were allocated to corporate clients and 24% (41 trillion soums) to individuals.

The number of individuals using credit increased by 24 percent. This situation is explained by the increasing use of remote online loans by the population as a result of the development of retail banking services provided using digital technologies.

By the end of 2021, 88% of the number of credit users will be individuals, 7% will be legal entities, and 5% will be individual entrepreneurs.

Table 1

Weighted average interest rates on term deposits of individuals in national currency (as of January).

Term and type of deposit	2019	2020	2021	2022
Weighted average interest rates on time deposits of individuals in national currency	17,4	20,4	17,0	20,2

Source: Compiled by the author.

It can be seen from the above table that the average withdrawal rate of deposits from individuals was 17.4% as of January 1, 2019, 20.4% in 2020, 17.0% in 2021, and 20.2% by the corresponding period of 2022. reached That is, for the banks, it is necessary to direct these resources at a rate of not less than 20.2%, taking into account the bank's margin.

Table 2

Information on the balance of loans allocated to individuals and legal entities by types of loans (billion soums, as of January 1)

Indicator name	2019	2020	2021	2022	Change, times
Total credit balance	167391	211581	276975	326386	1,9
Loan balance allocated to	24427	39934	54888	69496	2,6

individuals					
Mortgage loans	13204	20326	28301	35946	2,7
Microloan	780	3177	8532	9429	12,1
Consumer loans	3766	4471	4401	2262	-1,7
Education loans	108	175	331	400	3,7
Auto loans	2014	5503	7615	10121	5,0
Loans for business development	4551	6267	5703	11326	2,5
Other loans	4	15	5	12	3,0

Source: Compiled by the author.

The balance of loans allocated to individuals as of January 1, 2019 is 24.4 trillion. amounted to 69.5 trillion soums as of January 1, 2022. amounted to soum. Among them, mortgage loans in 2019 amounted to 13,204 billion. soums, 35946 billion by 2022. 780 billion soums, microloans in 2019. soums, 9429 billion by 2022. soums, car loans in 2019, 2014 bln. soums, 10121 billion by 2022. consumer loans in 2019 amounted to 3766 billion soums. soums, 2262 billion by 2022. 108 billion soums, educational loans in 2019. soums, 400 billion by 2022. 4551 billion soums, loans allocated for entrepreneurship development in 2019. soums, 11326 billion by 2022. 12 billion soums and other retail loans in 2022. amounted to soum.

The total credit balance in 2019 was 167,391 billion. amounted to 211,581 billion soums in 2020. soums, 276975 billion in 2021. soums, and in 2022, 326,386 billion. soum, and it can be seen that it has increased by 1.9 times during this period. The balance of loans allocated to individuals increased by 2.6 times. In particular, we can see that mortgage loans increased by 2.7 times, microloans by 12.1 times, educational loans by 3.7 times, car loans by 5 times, and loans for business development by 2.5 times.

CONCLUSION. In general, we tried to develop scientifically based practical proposals and recommendations. These suggestions and recommendations include:

- it is necessary to introduce new modern banking services such as "home banking", "internet bank", "mobile phone bank" in all commercial banks operating in our country and to develop them in existing banks (Mamadiyarov, Z., 2020). As a result of the further development of this process, in order to improve the relations of the "bank-client" program, it is necessary to conduct activities on introducing the CRM (Customer Relationship Management) system, which is considered the most modern technology in the world;

- when segmenting the market of retail banking services in commercial banks, they should take into account not only competition from commercial banks, but also competition from non-banking institutions. They should constantly study and monitor the rules, interest rates, and wishes of customers of loans given to customers by credit unions;

- commercial banks in our republic should use the wide range of banking institutions and the services of qualified specialists in the implementation of retail banking services rationally and efficiently;

- partnership relations between commercial banks and their clients should be activated. For this, the commercial bank must have all the information about each client and establish monitoring.

The main criterion in the activity of commercial banks is to satisfy the needs of customers. Banking activities are usually based on regularly recurring transactions. Therefore, the goal of the bank is to maintain and expand the circle of customers, to turn it into enterprises and organizations

over a long period of time. The bank should strive to meet real needs, learn to provide the client with the services he needs the most.

REFERENCES

1. Икрамова Н.Р. Ўзбекистонда чакана банк хизматлари: хориж тажрибаси ва ривожланиш истиқболлари. “Иқтисодиёт ва инновацион технологиялар” илмий электрон журнали. № 1, январь-февраль, 2014 йил
2. Electronic Banking Group Initiatives and White Papers. - Basel Committee for Banking Supervision. - Basel, October 2000. - 27 p.
3. <http://www.bis.org> - prepared on the basis of information from the site.
4. Studie zum Internet-Online-Banking/e-Commerce // Electronic banking from a prudential supervisory perspective. - Deutsche Bundesbank Monthly Report, October 2000. - 58 p.
5. Federal Association of German Banks (Bundesverband deutscher Banken), E-Commerce als Bankdienstleistung, Daten, Fakten, Argumente, October 2000. - 34 p.
6. Котлер Ф., (1992) Основы маркетинга. - Новосибирск: Наука, - С. 638
7. Абалкин Л. И. и др., (1995) Банковская система России [Текст]: [настольная книга банкира] / - Москва: Инжиниринго-консалтинговая компания, - 28 см
8. Жуков Е.Ф. (1997) Банки и банковские операции / Под ред. Е.Ф.Жукова. - М.: Банки и биржи, - С. 196.
9. Brassington, F., Pettitt, S., & McMillan, K. (2010). Principles of marketing. Harlow: Financial Times Prentice Hall.
10. Storbacka, K., & Nenonen, S. (2014). Learning with the market: Facilitating market innovation. *Industrial Marketing Management*. 44, 73-82. DOI: 10.1016/j.indmarman.2014.10.009
11. Ajzen I. (2008). Consumer attitudes and behavior. In C. P. Haugtvedt, P. M. Herr, & F. R. Cardes (Ed.) *Handbook of Consumer Psychology* (pp. 525-548). New York: Lawrence Erlbaum Associates
12. Brown S. (1992) Retail Lokcation: a mikro-scale perspective. Aldershot: Avebury, P.11.
13. Гилберта Д. (2005) Управление розничным маркетингом: перю с англ./под ред., М., С. 10-11.
14. Калистратов Н.В., Кузнецов В.А., Пухов А.В. (2006) Банковский розничный бизнес. М., С. 78.
15. Mamadiyarov, Z. (2021). ANALYSIS OF FACTORS AFFECTING REMOTE BANKING SERVICES IN THE PROCESS OF BANK TRANSFORMATION IN UZBEKISTAN. *Financial and Credit Activity: Problems of Theory and Practice*, 1(36), 14–26. <https://doi.org/10.18371/fcaptp.v1i36.227607>
16. Mamadiyarov, Z. (2020). The Mobile banking apps and their development in commercial banks of Uzbekistan. *Архив научных исследований*, 1(25). извлечено от <https://tsue.scienceweb.uz/index.php/archive/article/view/2590>