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Research Article

TRANSFORMATION OF THE FINANCIAL AND BANKING SYSTEM IN THE CONDITIONS OF THE DIGITAL ECONOMY

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ABSTRACT

Today, the importance of digital technologies in society is increasing. The issues of their widespread introduction and development of the digital economy have become a serious vital issue for every country nowadays. The implementation of electronic government elements and support of the digital economy have a strong place in Uzbekistan's near-term development plan. First of all, this concerns the tasks of further increasing the share of electronic document exchange and gradually transferring a certain part of state services to electronic form through State Service Centers. Telecommunications infrastructure plays an important role in this process. Undoubtedly, the effectiveness of the digital economy is influenced not only by the coverage of information technologies and the availability of infrastructure, but also by standard economic criteria such as the business environment, human capital, and successful management instruments. Therefore, economic development relies on them, which means that these criteria are as important as before in the development of the digital economy.

KEYWORDS

Revolutionary changes, mobile payment, electronic payment system, financial system, banking system, information system, digital banking, mobile devices, social networks, information services, e-commerce, internet trade, information management, digital economy, innovative technologies, online services, digital factory, blockchain technologies.

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INTRODUCTION

Currently, revolutionary changes are taking place in the world financial and banking system, primarily due to the rapid growth of the market share of such elements as electronic payment systems of the digital economy, cryptocurrencies and lending without intermediaries. First and foremost, mobile payments (which nearly doubled annually from 2010 to 2016) and peer-to-peer (P2P) lending (which grew 15-fold in the US in the last 3 years and 2015, annual turnover has reached $78 billion) a rapid increase in volume is observed. It is known that, unlike traditional fields of activity, the market value of Internet companies has no material basis, and the more useful information the company has collected, the cheaper the production of a product (or service) becomes. Currently, the number of digital banks and financial institutions that do not have their own offices and ATMs is growing rapidly. Among the main concepts of digital banks (digital banking) are customer orientation, transition from the concept of consortium to the concept of digital banking, the development of CRM (Customer Relationship Management), the growth of trust in customers, the personalization of offers and the feature of mobility. The services of digital banks are observed in all spheres of life of modern people, first of all, mobile devices, social networks, information services, e-commerce, internet trade, etc. A digital bank offers a variety of digital products and services to its customers using digital channels.

Such banking infrastructure is optimized for digital communications and is not yet ready for the rapid change of digital technologies. Among the main tasks of such banks is to quickly inform the client about the status of his accounts and transactions, and to find the nearest bank branch, ATM, exchange point or car kiosk for him. In addition, a digital bank should provide its customers with such an online service that it can work on multiple platforms and focus its activities mainly on mobile devices. We can point out seven main directions for improving the digital banking model:

- omnichannel and simplification of user services;
- develop new methods and tools of information management exit;
- use of open API system;
- cooperation and competition with financial and technical companies;
- development of mobile payments;
- development and implementation of innovation management strategy in the banking sector;
- implementation of innovative regulation of activity.

A full transition to digital services will benefit not only banks, but also consumers who will be able to access a variety of banking services quickly and conveniently

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(for example, lower costs, coverage, flexibility, knowing the client better). Innovative technologies based on modern ICT software and technical tools are actively being introduced in the banking system of the Republic. According to the extended meeting of the Bank of the Republic of Uzbekistan on the results of the banking system, the share of banking services in the structure of financial services was 88% and increased by 1.2 times compared to previous years. In addition, for 2019, there are certain plans to expand the number and improve the quality of banking system services, to rapidly introduce modern information and communication technologies in this area tasks have been defined. The share of customers who regularly use remote banking services in the republic is steadily growing due to many favorable factors. The low level of financial literacy of the population and distrust of cashless accounts prevent the rapid spread of digital channels of banking services. It should also be noted that the transition of banks to digital services is a long-term and costly process that requires active support from shareholders and the allocation of large amounts of funds. Currently, banks provide a number of online services and remote banking services to their customers. In particular, TIF National Bank of the Republic of Uzbekistan offers the following online services to its clients:

1) notification of bank transactions via SMS;

2) to inform about the performed actions by e-mail;

3) organization of personal IVR-cabinet for customers.

The practice of providing remote banking services and offering online services to customers shows that local banks offer limited online services, and the process of popularizing banking activities is very slow compared to the needs of consumers. If local banks provide a variety of financial services through digital channels, consumers would be able to use banking services anytime and anywhere. In order to develop the provision of remote banking services and online services to clients, the following measures are suggested:

1) reducing the distance between banks and consumers using new technologies;

2) organization and development of banking services on the basis of regular consultation, working with clients in an interactive way;

3) development of collaborative relations between traditional banks and professional organizations on the introduction of digital technologies and putting them into practice;

4) new digital banking transactions for customers involvement in the use of technologies.

Active introduction of innovative types of banking services into the banking system for this, it is necessary to develop a strategy for the development of the digital economy in the republic, and for this, it is

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necessary not only to invest, but also to thoroughly study the experiences of developed countries that have surpassed us in the field of digitization. The banking industry is one of the bright examples of rapid digital development. will take The Deloitte consulting company researched the process of using new technologies among Russian banks, as a result of which experts selected 11 innovations and divided them into several groups: security ("smart" identification - Intellectual Identification), analysis (Big Data, personal financial assistance - PDA - Personal Digital Assistant), digital technologies (online wallet, contactless payment, etc.), automation (automation machines and robots in departments), gamification (games and quests for customers) and P2P lending. Crypto-assets are records on the blockchain that have their own value and ownership

total circulation can now be done only under license. Licensing includes mining, crypto-asset market services and crypto-exchange activities. Licensing of these routes is carried out by NAPU (National Agency for Project Management). Later, the requirements for crypto-exchanges in Uzbekistan were also approved: foreign enterprise, "statutory amount" 30,000 ECU (more than 5.5 billion sums), the presence of an electronic system, the rules for trading, the use of market quotations and the obligation to store information about trading for five years. Many virtual currencies are considered a form of social contract without material support. shares, options, promissory notes and the vast majority of other similar financial instruments are also considered a form of social contract and will not have full material support. However, if the value of the classical currency is mainly that of the country that issues it depending on the financial, economic and political situation, the value of cryptocurrencies is determined only by the results that users expect from it. According to research from the University of Cambridge, the total number of users of cryptocurrencies has quadrupled in the last three years - 8.2 in 2013 million to approximately 50 million by 2018. It should be noted that with the transition to the digital economy, economic growth trends may change towards more active growth. On the one hand, in the coming years, the total size of the crypto-economy will reach a level comparable to the budget of individual countries. On the other hand, this economic activity is spread all over the world (the greatest intensity was observed in China, Japan, European Union countries, Scandinavian countries, the USA, South Korea and a number of African countries), but its scale depends on the economy of each individual country. In the total volume and not so significantly in the world scale. A number of countries (Switzerland, England, Israel, etc.) using blockchain technology, issued and controlled by their respective central banks expressed their desire to create a currency. On the one hand, the introduction of blockchain and other technologies will undoubtedly increase the reliability of state virtual currencies, on the

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other hand, such an approach contradicts the main idea of cryptocurrencies (distributed and without central control) and cannot fully resist it. In any case, we believe that it is necessary for all countries to prepare their financial and economic systems for the circulation of several currencies, some of which are announced the development of a new digital factory that will develop and implement digital innovations and solutions for its customers in line with its philosophy of "rethinking how banking serves people". Deutsche Bank also has its own center for developing digital banking products. Digital Factory is located in Frankfurt. In this digital factory, about 400 software developers, information technology specialists and financial experts from 14 countries work on the most modern are working together to develop digital products using these methods. In November 2016, Deutsche Bank offered software developers the ability to create digital solutions for banking clients that go beyond traditional financial services. This approach allowed the bank to create an innovation ecosystem based on them, which unites three innovation laboratories, a digital factory and a new research center that cooperates with startups from around the world. The bank provides full connection to the digital environment and the possibility to work in this environment through the application program interface (dbAPI), which allows developers to test their ideas for the implementation of digital services of the future. The logic of open interfaces in the transaction part is revolutionary for the banking industry "The Second Payment Directive" (Revised Payment Directive, PSD2 EU) also confirms. It legally obliges EU banks to provide APIs for user applications to third-party developers for free. Based on the client's order and by entering into a smart contract with the bank, a third party can make payments and reflect information about transactions in their programs. On the one hand, this is another step towards open banking, which scares many market participants, and on the other hand, it seems like a new, strategically important prospect. On the other hand, the proprietary approach to the development of digital banking services is also traditional is being used.

In particular, Sber Bank of Russia established the IT company "Sbertex". Sbertex projects are aimed at modernizing the banking system with their own efforts. However, the development of open interfaces (Open API) is also known as one of the future directions. The banking ecosystem is developing rapidly, and the number of people who want to write their own programs related to banking services is increasing. All this indicates a desire for openness and attraction of independent IT specialists focused on startup-ideas customers. Naturally, such an approach is required by the new digital economy paradigm. The current 5th version of BIAN includes 7 business lines, 36 business domains, about 300 services in different domains, more than 700 business scenarios and about

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2000 sample business operations. includes. The developers include 27 financial organizations (ABN AMRO Group, Credit Suisse, Societe Generale Group, Deutsche Bank, Unicredit Group, ING, Achmea, Rabobank, UBS, Banco Galicia, etc.) and 43 software developers (Temenos, Diasoft, Infosys, Sopra Banking Software, TCS Banks, IBM, SAP, Microsoft etc.)

"Digital banking" is the transition to an online banking system in which banking services are performed over the Internet. "Online" or "internet banking" is an electronic payment that allows customers of a bank or other financial institution to carry out a series of financial transactions using the financial institution's website. system. This system allows banks and customers to provide banking services conveniently and quickly. The "Digital banking" system is based on a high level of automation of processes, services are based on websites, the use of software interface applications (ARO) that ensure the delivery of banking products between institutions, based on the availability of access to financial information to customers through computers, mobile phones and ATMs

Now we will try to consider the banking system of the Republic of Uzbekistan, that is, the problems of digital banking and guidelines for its development, in the conditions of the digital economy. First of all, it should be noted that the "digital bank" service has a number of unique features. They include, among others, the following for the republican banking system:

- currently, the priority form of money circulation is non-cash, the system to remote electronic communication with the client to increase efficiency refers to maximizing access;
- authentication methods include physical, electronic, password-encrypted and biometric security of banking services using combined methods aims to modernize the methods of provision;
- creating a digital information system architecture within the country with the help of "big data" centralized information center through the Internet and it is planned to optimize data management;
- banking services as a result of the emergence and expansion of bank automation departments and the reduction of the workload on other departments and increasing importance of automation of banking activities;
- social media, web-programs and such as the wide use of video communication equipment.

Based on the above, it can be concluded that, despite the fact that the resource base of the banking sector of our country is expanding, and the development of "digital banks" has been actively started in our republic, the share of bank assets in relation to the GDP remains quite small. Also, the high level of state

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influence in the banking system of our republic and the insufficient level of free competition between commercial banks, the use of digital innovative technologies in the provision of banking services, the provision of large-scale remote banking services, the large-scale "digitization" of the banking system cannot fully stimulate its activity.

Now, the development of the electronic government system in our republic, the expansion of the range of services of information and communication technologies, the increase in internet speed and capabilities are expected to further increase the number of internet banking services in the banking sector. that it would be appropriate to activate the reforms in the following directions:

- gradually reducing the monopolistic influence of the state in the banking sector of our republic and ensuring the independence of commercial banks as market institutions;
- actively attracting foreign capital to the banking system of our country, encouraging the opening of branches of foreign banks in various forms;
- wide application of modern digital information technologies in the banking system, increasing the quality and speed of the Internet, further developing the banking infrastructure;
- ensure free competition between commercial banks, create a competitive environment in the financial market by developing non-bank credit organizations forming;
- modern, which is an important factor in the formation of the "digital banking" system further improvement of the system of training and retraining of knowledgeable programmer-financier personnel to work in the digital economy.

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