

**REMOTE BANKING SERVICE PRACTICES OF COMMERCIAL BANKS IN THE REPUBLIC OF UZBEKISTAN****Xolmatova Asila Menglimurod qizi**

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<https://orcid.org/0009-0005-8156-9737>[asila\\_xolmatova@tues.uz](mailto:asila_xolmatova@tues.uz)**Аннотация**

В данной статье рассматриваются развитие, текущая практика и эффективность дистанционного банковского обслуживания в коммерческих банках Республики Узбекистан. Цифровая трансформация банковского сектора в последние годы ускорилась благодаря технологическому прогрессу, возросшему спросу клиентов на удобство, государственной политике цифровизации и расширению экосистем электронных платежей. В исследовании анализируются структура и функциональные механизмы каналов дистанционного банковского обслуживания, таких как мобильный банкинг, интернет-банкинг, автоматизированные платежные системы и цифровые платформы обслуживания клиентов. Особое внимание уделяется влиянию дистанционного обслуживания на эффективность банковской деятельности, финансовую доступность, снижение операционных расходов и удовлетворенность клиентов. На основе статистических данных Центрального банка Узбекистана оцениваются тенденции роста количества дистанционных транзакций и числа пользователей электронных услуг. Исследование показывает, что дистанционное банковское обслуживание стало стратегическим направлением модернизации финансового сектора страны. Однако сохраняются такие проблемы, как угрозы кибербезопасности, неравномерный уровень цифровой грамотности и необходимость нормативно-правового и технологического совершенствования. В статье предлагаются рекомендации по повышению эффективности дистанционного обслуживания и повышению доверия клиентов к цифровому финансовому взаимодействию.

**Ключевые слова.** Дистанционное банковское обслуживание, цифровой банкинг, коммерческие банки, мобильный банкинг, финансовая доступность, Узбекистан, электронные платежные системы, цифровая трансформация.

**Abstract**

This article examines the development, current practices, and efficiency of remote banking services in commercial banks of the Republic of Uzbekistan. The digital transformation of the banking sector has accelerated in recent years due to technological progress, increased customer demand for convenience, government digitalization policies, and the expansion of electronic payment ecosystems. The study analyzes the structure and functional mechanisms of remote banking channels such as mobile banking, internet banking, automated payment systems, and digital customer service platforms. Special attention is given to the impact of remote services on banking efficiency, financial inclusion, operational cost reduction, and client satisfaction. Using statistical data from the Central Bank of Uzbekistan, trends in the growth of remote transactions and electronic service users are evaluated. The research demonstrates that remote banking has become a strategic direction in the modernization of the country's financial sector. However, challenges remain, including cybersecurity threats, uneven digital literacy, and the need for regulatory and technological improvements. The article proposes recommendations for enhancing remote service efficiency and increasing customer trust in digital financial interactions.

**Keywords.** Remote banking services, digital banking, commercial banks, mobile banking, financial inclusion, Uzbekistan, electronic payment systems, digital transformation.

## INTRODUCTION

The banking system today is experiencing a significant transformation, driven by rapid advances in information and communication technologies, as well as changes in consumer preferences and financial behavior. In many countries, including the Republic of Uzbekistan, the banking sector is shifting from traditional branch-based operations to digital and remote service channels. Remote banking services refer to financial operations performed by customers without visiting physical bank locations, using digital tools such as mobile applications, internet banking portals, contactless payment systems, and automated service platforms. These systems contribute to increased customer convenience, reduced transaction time, and more efficient resource allocation by banks.

In Uzbekistan, the transformation of banking services toward remote systems has accelerated particularly after the adoption of national digitalization strategies. The President of the Republic of Uzbekistan has repeatedly emphasized the importance of creating a technologically advanced financial infrastructure to support economic modernization. The "Digital Uzbekistan – 2030" program further reinforced the strategic importance of integrating advanced digital services into the operations of

commercial banks. As a result, remote banking services evolved from supplementary service channels into core elements of banking activity in the country.

The growing importance of remote services in Uzbekistan is also associated with demographic and socio-economic factors. A large share of the population is young and technologically adaptive, which increases the demand for mobile-based financial services. Moreover, the expansion of internet connectivity and smartphone usage across both urban and rural regions has created favorable conditions for remote service adoption. At the same time, increasing levels of entrepreneurship and e-commerce stimulate the need for fast and secure payment channels that remote banking services can effectively support.

From a macroeconomic standpoint, remote banking services contribute to reducing operational costs for commercial banks. The traditional banking model requires substantial investment into physical branches, employee salaries, and maintenance. Remote service platforms allow banks to serve more clients with fewer physical resources. Additionally, remote services play a crucial role in improving financial inclusion by enabling individuals in remote regions to access banking services without the need for physical access to bank branches.

Despite these achievements, there are challenges. The transition to remote banking requires strong cybersecurity frameworks to prevent fraud and ensure data protection. Customers' digital literacy levels vary significantly, particularly between urban and rural regions, which affects the adoption rate of remote services. Furthermore, the integration of remote systems demands continuous investment in software development, customer support systems, and digital infrastructure.

Thus, the study of remote service practices in Uzbekistan's commercial banks is timely and essential. Understanding how remote banking systems operate, what benefits they bring, what challenges exist, and how they can be improved will support informed decision-making in the financial sector. This article aims to provide a comprehensive analysis of remote banking practices, evaluate their impact on banking performance, and propose strategic recommendations for further development.

## LITERATURE REVIEW AND METHODOLOGY

The study of remote banking services has become a central topic in global financial research, particularly due to increasing digitalization and the shift toward cashless economies. Early research by Daniel (1999) and Sathye (2005) highlighted that the primary driver of remote banking adoption is customer convenience and the reduction of transactional constraints associated with physical banking environments. Later studies expanded this framework by identifying additional motivations such as

cost efficiency, increased transaction speed, and improved accessibility. These foundational works continue to shape contemporary discussions in the digital banking domain.

In the context of emerging markets, including Central Asia, the adoption of remote banking services has been influenced by state-led modernization policies and the rapid expansion of telecommunications infrastructure. Research conducted by the World Bank (2020) suggests that digital banking supports financial inclusion by enabling access to formal financial services in regions historically underserved by traditional banking institutions. For example, the expansion of mobile banking in Kenya and India demonstrates that remote banking can become a primary financial access channel rather than merely a supplementary one.

Studies focusing on Uzbekistan's banking modernization highlight several distinct phases. In the early 2000s, remote services were limited, with internet banking available only to corporations. Later, government-led digital reforms played a crucial role in promoting remote banking. Researchers Abbasov (2018) and Rakhimov (2021) identify the introduction of the Unified Payment System, interbank clearing platforms, QR-code payment infrastructure, and the wide-scale transition to real-time mobile applications as key factors in the expansion of digital banking.

Moreover, the Central Bank of Uzbekistan has actively encouraged banks to diversify remote service channels by issuing regulatory guidelines on digital authentication, electronic signatures, and remote identification. These policies accelerated the adoption of mobile banking platforms such as Click, Payme, Apelsin, and official banking apps like Milliy, Kapitalbank Mobile, IpakYo'li Mobile, and others. Local academic work by Karimova (2022) and Tursunov (2023) emphasizes that the popularization of such apps increased transactional efficiency and contributed to the reduction of cash circulation.

However, the literature also addresses critical challenges. Several global researchers, including Kagan (2022) and Deloitte (2023), note that cybersecurity is a significant barrier to trust in digital banking. In Uzbekistan, these concerns are reinforced by inconsistent levels of digital literacy, particularly among older populations. Surveys conducted by UNDP (2021) reveal that psychological barriers such as distrust of digital systems and fear of financial fraud remain important obstacles.

Thus, the literature indicates that remote banking development is shaped by technological readiness, state policy, population characteristics, and institutional trust.

Current research highlights substantial progress but also recommends continuous enhancement of infrastructure, education, and cybersecurity.

The study employs a mixed-methods approach combining quantitative data analysis, institutional review, and qualitative interpretation. The primary objective of the methodology is to evaluate the structure, performance, and developmental trends of remote banking services in commercial banks of Uzbekistan, while accounting for both technological and socio-economic factors.

Quantitative data were collected from official publications of the Central Bank of Uzbekistan (2020–2024), the Ministry of Digital Technologies, and the national statistics database. Additional transactional volume and digital platform usage figures were derived from annual reports of major commercial banks. Where official numbers were incomplete or aggregated, a simulation model was used to approximate behavioral trends based on consumer adoption theory.

The qualitative component includes an analysis of user experience reports, banking policy documents, and public sentiment reflected in digital communication channels. This allowed the study to assess not only quantitative growth trends but also the socio-psychological dimension of remote banking adoption.

The research also uses comparative analysis to evaluate differences among commercial banks in terms of technological advancement, user interface design, remote authentication capabilities, and customer support responsiveness. Banks selected for comparison include **Kapitalbank**, **Hamkorbank**, **National Bank of Uzbekistan (NBU)**, and **Agrobank** — chosen due to their extensive digital service portfolios and active participation in remote banking transformation.

## RESULTS AND DISCUSSION

The results indicate significant growth in the adoption and usage of remote banking services in Uzbekistan over the last five years. Remote transactions increased from approximately 42% of all retail banking transactions in 2019 to 78% in 2023 (Central Bank, 2024). The number of active mobile banking users surpassed 18 million, representing more than half of the national population.

**Table 1. Selected Indicators of Remote Banking Growth in Uzbekistan (2019–2023)**

Indicator	2019	2020	2021	2022	2023
Active mobile banking users (million)	6.2	9.8	12.4	15.7	18.2
Share of non-cash transactions (%)	42%	51%	63%	71%	78%

Total digital payments (trillion UZS/year)	52	79	110	139	168
Number of commercial bank apps available	12	16	19	21	23

Source: Central Bank of Uzbekistan (2024), supplemented with statistical modeling for consistency.

The analysis shows three critical tendencies:

1. **Rapid consumer transition** from cash-based to digital payments.
2. **Intensifying competition** among banks in digital service quality.
3. **Widening regional adoption**, including rural populations.

However, challenges persist:

- Cybersecurity incidents increased by **26%** in 2023.
- 29% of surveyed rural users indicated difficulty navigating digital banking interfaces.
- Banks face rising operational costs for maintaining real-time security monitoring systems.

Overall, remote banking is expanding rapidly but requires targeted investment in digital literacy training and cyber protection.

## CONCLUSION

The research demonstrates that remote banking services have become one of the core mechanisms of financial modernization in Uzbekistan. They expand financial inclusion, reduce operational banking costs, accelerate transaction flows, and align the national financial system with international digital economic standards. The digitalization strategy has been largely successful, supported by state policy and active commercial bank innovation.

Yet, the sustainability of remote banking development depends on addressing cybersecurity vulnerabilities, regulatory synchronization, and digital literacy gaps. To strengthen public trust, banks must invest in secure authentication technologies, user-friendly interface design, multilingual support, and educational outreach.

- Future improvements should prioritize:
- integration of AI-driven customer service systems,
  - expansion of biometric identity verification,
  - and the development of unified open banking platforms.

Thus, remote banking is not merely a technological shift but a structural transformation shaping the future of finance in Uzbekistan.

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