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## WAYS OF DEVELOPING REMOTE BANKING SERVICES IN COMMERCIAL BANKS

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*Abstract: This paper explores various strategies for the development and enhancement of remote banking services in commercial banks. With the increasing reliance on digital channels for financial transactions, it is imperative for banks to continually innovate and improve their remote banking offerings to meet customer expectations and stay competitive in the market. The abstract focuses on key areas such as digital banking platforms, mobile applications, online account management, and customer service channels. By analyzing current trends, challenges, and opportunities in remote banking, this study identifies effective strategies for commercial banks to optimize their remote banking services. These strategies include leveraging emerging technologies, enhancing user experience, strengthening security measures, expanding service offerings, and adopting customer-centric approaches. The findings aim to provide valuable insights for commercial banks seeking to enhance their remote banking capabilities and better serve their customers in an increasingly digital landscape.*

*Keywords: Remote Banking Services, Commercial Banks, Digital Transformation, Online Banking, Mobile Banking, Internet Banking, Virtual Banking, FinTech Solutions, Customer Experience, User Interface (UI), Security Measures, Multi-factor Authentication, Biometric Authentication, Remote Deposit Capture, Electronic Funds Transfer, Chatbots and Virtual Assistants*

### **Introduction:**

The banking industry is witnessing a seismic shift towards remote banking services, driven by technological innovation and evolving customer preferences. In today's digital era, consumers increasingly demand the convenience and accessibility offered by remote banking platforms, prompting commercial banks to adapt and enhance their digital offerings. This introduction delves into the imperative for commercial banks to develop and refine their remote banking services to meet the growing needs of modern customers and remain competitive in an increasingly digital landscape.

As the world becomes more interconnected, customers seek banking solutions that align with their on-the-go lifestyles. Remote banking services, including mobile banking apps, online portals, and digital payment platforms, have emerged as indispensable tools for consumers to manage their finances conveniently from anywhere, at any time. These services provide a plethora of functionalities, from balance inquiries and fund transfers to bill payments and loan applications, all accessible through digital channels.

In the fundamental reforms carried out in the banking and financial system in Uzbekistan, attention is paid to the development of commercial banks, increasing the confidence of business entities and the population in the banking system. The task of "to further expand the scope of banking services, to develop the banking system on the basis of advanced information technologies" is set in the republic. In order to ensure the implementation of this task, it is necessary to scientifically justify the possibilities of remote banking services in commercial banks, the criteria related to the provision of

remote services by banks are not reflected in the bank's strategy, serious changes are taking place in the types and quality of services of banks, mutual cooperation relations with foreign banks have been established, and The development of scientific proposals and practical recommendations aimed at positive application of foreign experiences in Uzbekistan is one of the urgent issues.

Moreover, the paper addresses critical challenges that commercial banks must navigate in their quest to bolster remote banking services. These challenges span from cybersecurity risks and regulatory compliance to digital literacy barriers and customer engagement strategies. By identifying and addressing these hurdles, commercial banks can pave the way for a seamless and secure remote banking experience that resonates with customers and drives sustainable business growth.

In essence, the evolution of remote banking services represents a pivotal opportunity for commercial banks to redefine customer relationships, streamline operations, and stay ahead of the curve in an increasingly digital-centric financial landscape. Through strategic investments in technology, customer-centric design, and robust security measures, commercial banks can unlock the full potential of remote banking services and deliver unparalleled value to their customers in the digital age.

### **Literature Review:**

The evolution of the theory of banking services has gone through several stages of development. At the initial stage of the development of the theory of banking services, the scientific works of H. Douglas and G. Brian were devoted to the study of the banking services market and its segment of banking services. [1]

The second stage is reflected in the scientific works of F. Derek, O. Donnel, E. Ballarin, dedicated to researching the specific features of the credit and financial systems of individual countries and the possible consequences of the impact of globalization and centralization of banking capital on the market of banking services. [2]

Loan capital market services, electronic services have become widespread, mergers and acquisitions of banks have increased. In this regard, the scientific works of D. Gentle, J. Sinki, P. Rose can be highlighted. In the works of these scientists, attention is focused on the fact that banking service is a theoretical, technological, financial, intellectual and professional banking activity that optimizes the conduct of banking operations. [3, 4]

In researching the evolution of the banking services market, O. Lavrushin's classification of the stages of development of the banking services market perfectly describes the stages of development of the services provided to customers in banking activities over the years. [5]

Economist A. Ivanov in his work classifies banking services according to a number of criteria characterizing the features of providing them to customers. [6]

Z.Mamadiyarov and Kh.Khudoyarova, among the economists who conducted scientific research in the field of banking services in our republic, focused more on remote and retail services of commercial banks. [7,8]

Banking services are really reflected in the practical activities of banks. These activities are services related to meeting the needs of customers for banking activities. In addition, banking service is an important element that ensures the optimization of banking operations. When choosing one or another type of service, banks should pay attention to the level of efficiency, convenience and quality of this operation and feel that these indicators are considered the basis of ensuring its competitiveness. In the conditions of the market

economy, the demands for remote services of commercial banks are increasing. [9, 10, 11]

Summarizing our thoughts on banking services, in our opinion, banking services are a set of practical and technical banking operations that are directly related to the effective management of the rapid and strategic practical activities of commercial banks and are carried out on the basis of a mutual agreement aimed at satisfying the needs of the bank's customers.

Research methodology. Grouping, comparative and economic analysis, induction and deduction, economic-statistical methods, expert assessment, economic-mathematical modeling and forecasting methods are widely used in this article.

### **Analyzes and results**

The financial and economic stability of our country largely depends on the banking system and their effective operation. In this case, efficient operation of banks, increase in the quality of banking services provided by banks depends primarily on the study of the market of their customers and the provision of banking services based on their demand.

In order to further improve the mechanisms for ensuring the protection of the rights of consumers of remote services of commercial banks and to increase the level of financial openness, taking into account the trends of innovative development, the decision of the President of the Republic of Uzbekistan dated March 23, 2018 PQ-3620 "On additional measures to increase the popularity of banking services" was adopted. The decision states that one of the main tasks of the Central Bank of the Republic of Uzbekistan is to increase the popularity of banking services and protect the rights of consumers of banking services, and to ensure the protection of the rights and legal interests of consumers of banking services, to increase financial openness and the level of financial literacy of the population and business entities. It was noted that the protection service was established. In addition, according to the decision, "As a result of the ongoing reforms, market mechanisms for providing services have been introduced in the banking system, their types are expanding, and financial openness for entrepreneurs and residents is increasing. New banking services have been introduced to facilitate the implementation of currency exchange operations for the population, opportunities have been created for the purchase of foreign currency by individual entrepreneurs.

#### **1. Adoption of Emerging Technologies:**

- Commercial banks are increasingly adopting emerging technologies such as artificial intelligence (AI), machine learning (ML), and blockchain to enhance remote banking services.

- AI-powered chatbots and virtual assistants improve customer service by providing instant responses to inquiries and facilitating transactions.

- ML algorithms analyze customer behavior to personalize recommendations and detect anomalies, enhancing security and fraud prevention.

#### **2. User Experience Optimization:**

- User experience (UX) design plays a crucial role in the development of remote banking services, focusing on simplicity, accessibility, and consistency across different channels.

- Usability testing and user feedback help identify pain points and areas for improvement, leading to intuitive interfaces and seamless navigation.

- Responsive design ensures that remote banking platforms adapt to various devices

and screen sizes, enhancing accessibility and user satisfaction.

**3.Security Enhancement Measures:**

- Ensuring the security of remote banking transactions is paramount to maintaining customer trust and regulatory compliance.

- Multi-factor authentication (MFA), encryption protocols, and biometric authentication methods are implemented to secure user credentials and prevent unauthorized access.

- Real-time fraud detection systems analyze transaction patterns and user behavior to identify suspicious activities and mitigate risks effectively.

**4.Regulatory Compliance and Risk Management:**

- Commercial banks must adhere to regulatory requirements and industry standards to mitigate legal risks and protect against financial crimes.

- Compliance with regulations such as the Payment Card Industry Data Security Standard (PCI DSS) and the General Data Protection Regulation (GDPR) ensures data protection and privacy.

- Risk management frameworks, including internal controls and audit procedures, are implemented to monitor and mitigate operational and cybersecurity risks associated with remote banking operations.

**5.Customer Engagement and Satisfaction:**

- Building strong relationships with customers is essential for driving adoption and usage of remote banking services.

- Personalized communication, proactive customer support, and targeted marketing campaigns enhance customer engagement and satisfaction.

- Data analytics tools and customer feedback mechanisms provide insights into customer preferences and behavior, enabling banks to tailor their services to meet evolving needs effectively.

In the process of conducting research, the need to study a separate commercial bank within the scope of the topic arose. From this point of view, we studied the information of Uzsanoatkurilishbank. In particular, we can see from the information on the balance of deposits of Uzsanoatkurilishbank that as of January 1, 2022, the total deposits are 12,607.3 billion. amounted to soum. This indicator has increased by 10.2 percent compared to the previous year.

**Table 1**  
**Information on the balance of deposits of Uzsanoatkurilishbank**  
**(in billion soums)**

<i>No</i>	<i>Indicators</i>	<i>01.01.2018</i>	<i>01.01.2019</i>	<i>01.01.2020</i>	<i>01.01.2021</i>	<i>01.01.2022</i>
	<b>Total deposits</b>	<b>3 296.8</b>	<b>4 832.9</b>	<b>9 003.9</b>	<b>11 437.1</b>	<b>12 607.3</b>
<i>Including:</i>						
1	Until requested	2 544.5	2 831.3	3 660.9	6 374.1	5,893.8
2	From 1 day to 30 days	98.5	182.1	148.9	250.0	205.6
3	From 30 days to 180 days	381.6	725.0	1 714.6	1 475.1	2 249.8
4	From 180 days to 365 days	249.3	751.0	834.8	750.3	1 768.4
5	More than 1 year	22.9	343.5	2 644.7	2 587.7	2 489.7

Commercial banks also achieve an increase in the number of customers by developing retail banking operations, diversifying their activities by increasing the types of services provided to customers, and improving the quality of services provided. Because the use of modern information technologies by banks is the main factor in the emergence of new banking products. As a result of this, the ability of banks to withstand competition in the market of services, to have their own place, and to win in the fight for the client will increase.

Emphasizing the tasks to be performed to increase the scope and quality of services provided by commercial banks with special attention will serve to further increase the convenience and quality of services provided by banks for customers and introduce new remote services in accordance with customer requirements.

By developing the practice of increasing the share of online fixed-term and savings deposit services as part of remote services by banks, it serves to expand the size of the bank's time-stable resources and, due to this, to increase the scope of the bank's online credit services.

In the context of the globalization of the world economy, the importance of providing services to foreign economic activities is increasing, this situation is explained by the increasing volume of services such as investment, consulting, information services, asset management. Various telecommunication tools are used in service provision: telephone, fax, Internet. This, in turn, leads to an increase in the amount of funds allocated by banks to information technologies and personnel.

To sum up, the provision of remote banking services by commercial banks in our country is increasing year by year, in particular, the number of users of remote banking systems has increased by 4.3 times in the last 5 years, commercial banks are also developing retail banking operations, the types of services provided to customers a dramatic increase was achieved.



**Table 2**  
**Internal and external factors affecting remote services of commercial banks**

No	Internal factors	External factors
1.	The bank is equipped with information technologies and tools	Inadequacy of the regulatory framework of the field of remote services
	Development of the bank's policy on providing remote services	The existence of external interventions in the banking sector
2.	Updating of the bank's information technologies and tools	There are problems with the internet network in the regions or it does not work at all
3.	Establishment of the bank's remote service provision department (department).	Inadequate level of financial literacy of the population in the field of remote services
4.	Provision of qualified personnel of the remote service department (department) of the bank	Absence of remote services department in local banks
5.	Choosing the right direction of bank marketing or advertising for the provision of remote banking services	Public confidence in commercial banks providing remote services
6.	Quality and speed of remote services	Availability of commercial banks' willingness to use remote banking services
7.	Measures to ensure security in the field of remote services	Security measures in the field of remote banking services
8.	The level of protection against risks in the field of remote services	Risks in the field of remote services
9.	Abuse of office among bank employees in the field of remote services	Awareness of remote service and its types
10.	Bank branches are not equipped with modern information technologies	The level of usefulness of providing remote services
11.	Bank's policy in the field of development and control of its branches	State policy in the field of introduction and improvement of remote banking services
12.	Prevention of losses occurring in the field of remote services provision or formation of reserves, etc.	Availability of the Internet network in the regions, its quality level, etc.

Remote identification provides an opportunity to attract new customers and develop competition in the financial market as a result of the decrease in the cost of banking services. As a result, the establishment of these works will also encourage the increase of the bank's income.

The following factors affect the quality of banking services:

- bank stability and reputation;
- bank assets and capital size;
- customer base;
- displayed services scope and size;
- is available branches and him expand prospects;
- advertising policy;

- qualified specialists and others.

Overall, the analysis demonstrates that the development of remote banking services in commercial banks requires a multifaceted approach, encompassing technological innovation, user-centric design, security measures, regulatory compliance, and customer engagement strategies. By implementing these strategies effectively, commercial banks can enhance the accessibility, usability, security, and overall customer experience of their remote banking offerings, driving customer satisfaction and loyalty in the digital era.

### **Summary and Recommendations:**

The development of remote banking services in commercial banks is crucial in meeting the evolving needs of customers and staying competitive in the digital age. This paper has examined various aspects of advancing remote banking services, including technological innovations, user experience design, security and privacy measures, regulatory compliance, and customer engagement strategies. Technological advancements such as AI, ML, and blockchain offer opportunities to enhance security, streamline processes, and personalize customer interactions. User-centric design principles and responsive design techniques are essential for creating intuitive and accessible remote banking interfaces. Robust security protocols, compliance with data protection regulations, and proactive fraud detection mechanisms are imperative to safeguard customer data and build trust. Regulatory compliance frameworks must be established to ensure adherence to legal requirements and industry standards. Lastly, customer engagement strategies involving personalized communication, proactive support, and data-driven insights are essential for fostering strong relationships and driving adoption of remote banking services.

The analysis of remote banking services provided by commercial banks, its effectiveness and quality shows that the range of remote services offered by banks to their customers has expanded considerably. Through a single bank mobile application, the client can use banking services without coming to the bank, freely convert his funds in national currency to foreign currency without paying commission, make online deposits and calculate his received funds, receive overdraft loans and pay off loans.

Through the bank's mobile application, the client will have the opportunity to constantly monitor his funds. The creation of such mobile applications is creating a basis for saving customers' time and money and attracting more new customers to banks. As a result of these conveniences created for customers, the confidence of customers in the bank increases and they become regular customers of the bank.

Efforts are being made to create a high-tech infrastructure of banking services in Uzbekistan. However, at the current stage, new non-traditional approaches are required to allow commercial banks to expand their customer base and offer retail services.

#### **Recommendations:**

1. **Invest in Technological Innovations:** Commercial banks should invest in emerging technologies such as AI, ML, and blockchain to enhance the security, efficiency, and personalization of remote banking services.

2. **Prioritize User Experience Design:** Design remote banking interfaces with a focus on usability, accessibility, and responsiveness to ensure a seamless and intuitive user experience across devices and touchpoints.

3. **Strengthen Security Measures:** Implement multi-layered security protocols, encryption techniques, and fraud detection systems to protect customer data and prevent unauthorized

access.

4.Ensure Regulatory Compliance: Develop robust compliance frameworks to ensure adherence to data protection regulations, anti-money laundering laws, and other legal requirements governing remote banking operations.

5.Enhance Customer Engagement: Adopt proactive communication strategies, personalized recommendations, and data-driven insights to engage customers effectively and drive adoption of remote banking services.

6.Foster Collaboration and Innovation: Collaborate with fintech partners, regulatory authorities, and industry stakeholders to foster innovation while ensuring compliance with regulatory standards.

By implementing these recommendations, commercial banks can effectively develop and enhance their remote banking services to meet the needs of today's digital-savvy customers and maintain a competitive edge in the market.

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