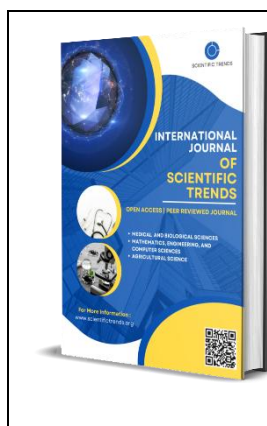


# Digital Transformation Processes in the Banking Services Market and Issues of Retail Segment Development

Khurshida Abdunazarovna Khudayarova  
Associate Professor, "Banking" Department,  
Tashkent State University of Economics  
Email: [xurshidabonu\\_x@mail.ru](mailto:xurshidabonu_x@mail.ru)  
Phone: +99893 8994433



## Abstract

This article analyzes the essence of digital transformation processes in the banking services market, their impact on the development of retail banking services, and current trends in the sector. Furthermore, it examines the opportunities to improve the quality, speed, and convenience of customer service resulting from the implementation of digital technologies. The study identifies pressing issues and promising directions for developing the retail segment within the banking system of Uzbekistan, and formulates proposals and recommendations aimed at further improving digital banking services.

**Keywords:** Communicative competence, reflexive approach, primary school pupils, English language education, speech activity, reflective learning, communicative environment, learner autonomy, communicative skills, foreign language teaching.

## Introduction

In recent years, digitization processes in the banking sector of Uzbekistan have been developing at a rapid pace. The widespread introduction of innovative technologies in the global banking and financial system and the formation of the digital economy further intensify the need to utilize modern information and communication technologies in bank operations. Under the influence of these trends, large-scale reforms aimed at modernizing the banking system and implementing digital transformation have been put into practice in Uzbekistan as well.

Particularly in the field of retail banking services, the implementation of digital technologies plays an important role in increasing the efficiency of banking operations, improving the quality of customer service, and ensuring the accessibility of services. Over the past 4–5 years, the extensive application of mobile banking applications, remote banking services, online lending systems, QR-code payments, and other digital solutions has significantly increased the scope and quality of financial services provided to the population.

Retail banking services represent the complex of financial services provided to individuals. They include deposits, loans, foreign exchange operations, payment and settlement services, banking card transactions, and other financial operations. These services cater to the daily financial needs

of the population and play a crucial role in their integration into the national financial system. Therefore, retail banking is considered one of the most mass-market and active segments of the banking system.

While under traditional conditions these services were mainly carried out through bank branches and service points, as a result of digitization processes, customers are gaining the ability to use banking services anytime and anywhere, i.e., in a 24/7 mode. This serves to elevate the mutual relations between banks and customers to a new level, ensure the speed and transparency of service processes, and enhance the competitiveness of the banking system.

## Research Methodology

This study extensively utilizes methods of dialectical logic, scientific cognition, induction and deduction, comparison, grouping, economic-statistical analysis and generalization, and expert evaluation, as well as research papers by relevant foreign and local scholars.

## Literature Review

The field of digitizing retail banking services lies at the intersection of finance, information technology, and the digital economy; it is being comprehensively studied through various scientific research papers, international practices, economists, and local studies.

A World Bank study analyzes the role of digital services in enhancing financial inclusion and demonstrates that mobile payments, digital deposit, and credit products can reach low-income segments of the population [12].

Foreign scholars have also conducted extensive research in this field. In particular, S. Carbó-Valverde and C. M. Kahn analyzed the efficiency of American and European payment systems, placing a special emphasis on the role of online banking services and proving that cryptocurrencies pose no threat to their development [8]. A. Omarini justifies the role of new technological platforms in the digital transformation of banking services in Mediterranean countries [11]. İ. Akhisar and K. B. Tunai emphasize the efficiency of electronic banking services in the digital transformation process [6]. A study conducted by F. Liébana-Cabanillas in Spain shows the growing interest of businesses and individuals in this segment [10]. M. Hossain identified that electronic banking is increasingly developing in Asian countries [9], while Al-Hawary and Hussien found the same trend in African and Middle Eastern countries within their research [7].

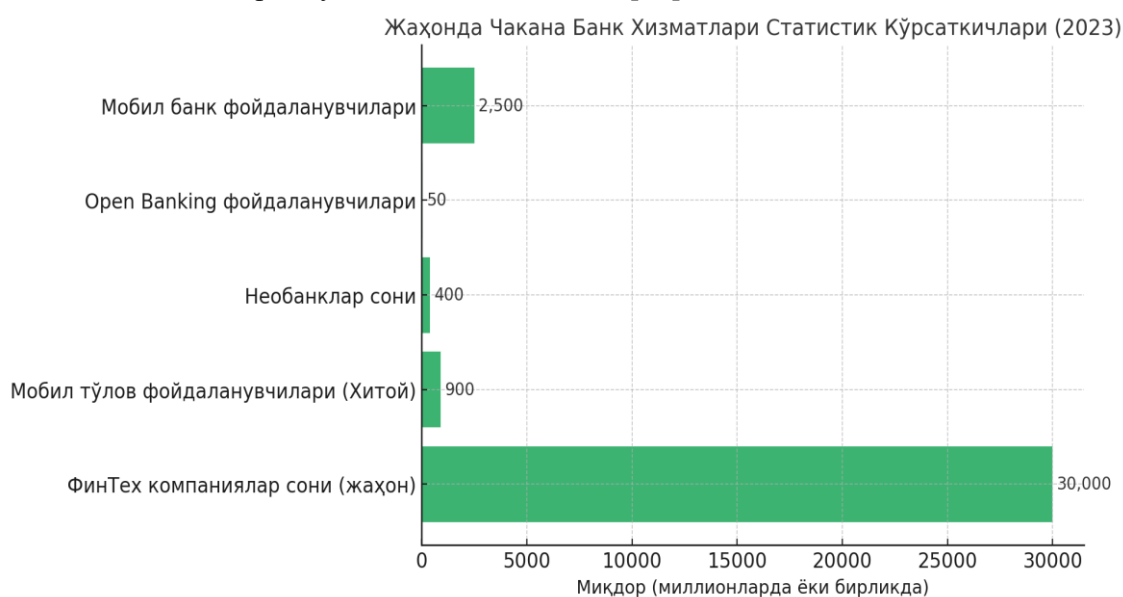
In recent years, interest in digitization has been steadily growing in Uzbekistan as well. Therefore, our country's scientists and economists have also conducted research in this direction and expressed their views. Among these, we can mention Sh.Z. Abdullaeva [2], A.L. Gulyamova [4], M. Tangishov [3], O. Melikov, and A. Khojimamedov [5], along with several other scholars.

However, despite this, ensuring the effective operation and development of banking system institutions remains urgent. Investigating the barriers to the implementation of banking innovations and determining ways to resolve them continues to be a highly relevant issue today.

**Analysis and Results.** Today, through the gadgets in our hands, each of us has the opportunity to complete many tasks from home without leaving our doorstep. We can open a mobile application, access the official website of any organization, obtain necessary information, place an order, and make a payment. Currently, there are programs that allow operations to be performed within a few

seconds, whereas previously this process took several days or even months, and required standing in long, exhausting queues.

In today's global financial markets, the process of digitization—especially in the field of retail banking services—is accelerating to an unprecedented degree. Banks are transitioning from traditional services to digital solutions, offering customers convenient, fast, and personalized services. Looking at global practice, 76% of adults worldwide currently hold a bank account, a figure that stood at 51% in 2011 [13]. Furthermore, 71% of banking service users utilize mobile or internet banking. This indicator exceeds 90% particularly in North America and Europe [14]. While 85% of retail banking users are satisfied with digital services, nearly 60% express dissatisfaction with the quality of traditional services [15].

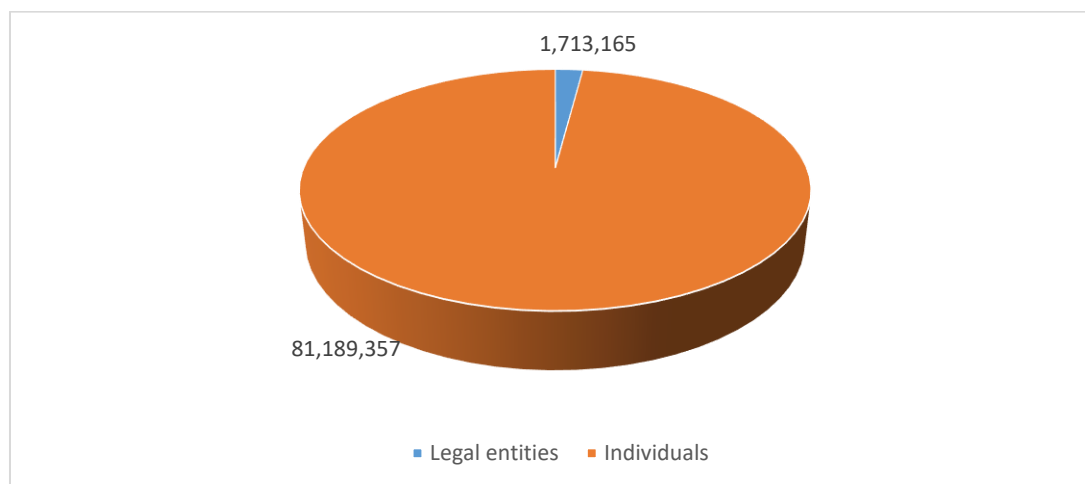


Note: The statistical indicators of global retail banking for 2023 show noteworthy benchmarks:

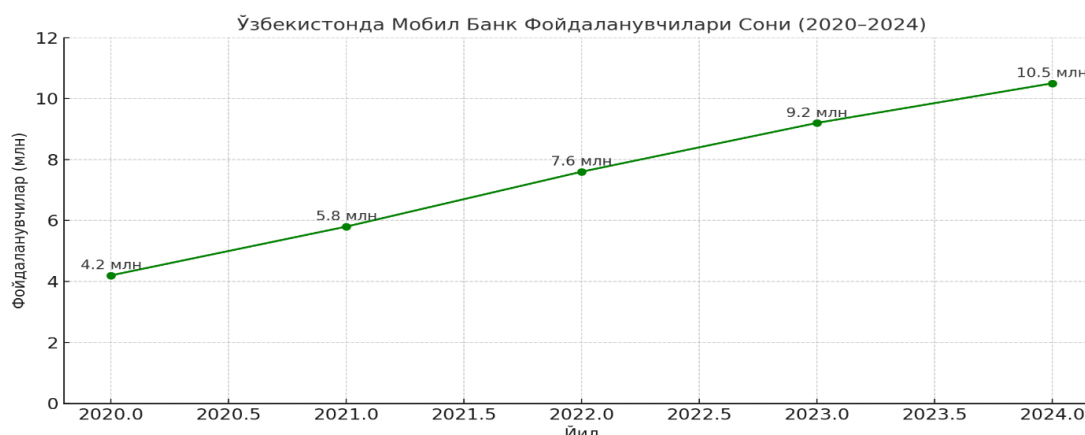
- The number of mobile banking users has reached 2.5 billion.
- More than 50 million customers use Open Banking services.
- The number of neobanks has exceeded 400.
- There are over 30,000 fintech companies worldwide.
- These indicators have increased several times compared to previous years.

The adoption rate of digital banking services is also increasing year by year in Uzbekistan. The population extensively uses remote banking services through commercial banks' mobile applications to perform real-time card-to-card (P2P) money transfers, make tax, budget, utility, and other payments, obtain microloans and repay credits, set up online deposits, remotely open deposit and loan accounts, make payments from international bank card accounts, conduct online currency conversion operations, and more.

Consequently, as of January 2026, the number of remote banking service users in our country reached 82.8 million, of which 81.0 million (01.01.2026 data indicates a continuing upward trend [16]) are physical individuals.



Retail banking services are being presented to customers in a more convenient, fast, and comprehensive format through digitization. Particularly, the development of mobile banking applications, QR/NFC technologies, and online lending are lifting this process to a new level. The number of mobile banking users is also growing at a rapid pace compared to previous years [16].



Nevertheless, there are several problems in accelerating the digital transformation process in commercial banks. These include the following:

- 1. Information Security Issues:** Cyberattacks, identity theft, and fraud cases are on the rise. Customers do not pay sufficient attention to ensuring the security of their passwords and data.
- 2. Improving Financial and Technical Literacy:** There is a need to build an appropriate level of knowledge for customers to perform banking operations correctly and to educate them on accountability for payment errors. Additionally, access to technical devices capable of running modern banking applications or addressing slow internet speeds remains a barrier. In some remote areas, high-speed internet or smartphones are unavailable.
- 3. High Costs of Implementing and Maintaining the Relevance of New Technologies:** When banks incur high expenses to introduce new technologies and software, a risk arises where they might fail to meet other established regulatory norms due to budget constraints.

**4. Organizational Structures of Banks, Management, and Staff Qualifications:** For the digital transformation of banks, the efficiency of internal management of this process is of critical importance. Frequently, the functional capabilities of bank departments are limited only to certain aspects of their operations. Digital transformation requires banks to introduce new organizational structures and modern management units. Due to the shortage of qualified local staff, many banks are forced to attract talent from foreign labor markets at high compensation rates.

## Conclusion and Proposals

In conclusion, improving retail banking services through digitization is a fundamental pillar not only for financial stability but also for economic growth in the country. This sector contributes to increasing the welfare of citizens, stimulates investments, raises the demand for products and services, and helps improve the payment system.

Today's high competition in the retail banking sector drives banks to implement technologies and innovations faster and more efficiently. This leads to the emergence of new banking services: digital banks, biometrics, artificial intelligence in service, and ecosystems. Therefore, accelerating the digitization process of retail banking services in the activities of our country's commercial banks to ensure the accessibility of banking services remains one of the primary tasks today.

The following are proposed as solutions to resolve existing problems and accelerate the digitization of retail banking services:

- Introducing modern cyber-protection technologies in banking systems (e.g., biometric authentication, two-factor verification).
- Conducting regular training sessions on information security for employees and customers.
- Implementing SMS and push-notifications that warn customers about cyber threats.
- Developing free educational programs and video tutorials on "Financial Literacy" by banks.
- Simplifying user interfaces and developing visual and voice assistance services.
- Developing internet infrastructure in remote areas through public-private partnerships.
- Collaborating with startups through technoparks and incubators.

The implementation of the above-mentioned directions will increase operational efficiency, enhance the competitiveness of banks, and allow the banking system to develop further to join the ranks of developed nations.

## References

1. Decree of the President of the Republic of Uzbekistan No. PP-359 dated November 27, 2025, "On measures for further development of the financial technology sector in Uzbekistan."
2. Abdullaeva Sh.Z. Banking. Textbook. T: Iqtisod-moliya, 2017. pp. 535-540.
3. Tangishov M. Innovative banking products: the most urgent issue for banks. // Business-expert, 2015. No. 6.
4. Gulyamova A.L. Digital ecosystem in the process of digital transformation of the banking system. // Scientific journal "International Finance and Accounting". No. 2, April, 2021. – p. 5.
5. Khojimamedov, A. (2022). Improving banking innovations under the conditions of banking system digitization. *Economics and Innovative Technologies*, 10(3), 1–8.

6. Khojimamedov A.A. "Ways of using innovative banking services in the conditions of digital transformation" Scientific electronic journal "Iqtisodiyot va innovatsion texnologiyalar" (Economics and Innovative Technologies) 1/2023.
7. Akhisar İ., Tunay K. B. and Tunay N. Interaction Between Internet Banking and Bank Performance: The Case of Europe // *Procedia-Social and Behavioral Sciences*. Vol. 195. P. 369–375.
8. Al-Hawary S. I. S., Hussien A. J. A. The Impact of Electronic Banking Services on the Customers Loyalty of Commercial Banks in Jordan // *International Journal of Academic Research in Accounting, Finance and Management Sciences*. Vol. 7 (1). P. 50–63.
9. Carbó-Valverde S., Kahn C. M. Payment Systems in the US and Europe: Efficiency, Soundness and Challenges // *Financial Stability Journal (Bank of Spain)*, 2016. Vol. 30. P. 11–33.
10. Hossain M. *Asian Business Review* 3 (3) 53–61.
11. Liébana-Cabanillas F. *Information Systems and e-Business Management* 14 (1) 141–165.
12. Omarini A. *International Journal of Finance, Economics and Trade* 1–6.
13. World Bank (2020), "Digital Financial Services".
14. World Bank Global Findex Database 2021 <https://globalfindex.worldbank.org>
15. McKinsey Global Payments Report 2023. <https://www.mckinsey.com/industries/financial-services/our-insights/global-payments-report>
16. Deloitte Global Retail Banking Survey 2023 <https://www.deloitte.com/global/en/pages/financial-services/articles/global-retail-banking-survey.html>
17. [www.cbu.uz](http://www.cbu.uz) – Official website data of the Central Bank of the Republic of Uzbekistan.