

THE ROLE AND SIGNIFICANCE OF ELECTRONIC PAYMENT SYSTEMS AND IT'S DEVELOPMENT

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Аннотация. В этой статье обсуждается роль и значение платежных систем в цифровой экономике, а также анализируются банковские услуги и операции. В статье на основе анализа разработаны научно-практические рекомендации.

Ключевые слова: коммерческие банки, Интернет-банкинг, Международная финансовая корпорация, цифровой банкинг, пластиковые карты, терминалы, международные платежные системы, национальные платежные системы, центр банковских услуг.

Abstract. This article discusses the roles and importance of payment systems in digital economy. The article develops scientific and practical recommendations based on analysis.

Keywords: commercial banks, Internet banking, IMF, digital banking, Plastic cards, terminals, International payment systems, national payment system, CBS.

Introduction

The level of socio-economic development and future development of any country depends primarily on the activities of the banking system, which is built in the country and it is constantly improvement. According to Article 1 of the Law of the Republic of Uzbekistan on Banks and Banking, a bank is a commercial institution, a branch of the bank that attracts idle funds of individuals and legal entities and places them on its own behalf, on the terms of payment, maturity, repayment. The bulk of credit resources are concentrated in these banks, which provide services to legal entities and individuals [1].

In today's market economy, the importance of banks and their impact on the economy is growing. Reforms in recent years to liberalize, reform the banking system and expand its role in supporting entrepreneurship have been praised by the World Bank and the International Finance Corporation. Accordingly, the strategy for the development of the economy of the Republic of Uzbekistan for 2017-2021 included: reforming the banking system, strengthening its financial stability and reliability, increasing the capitalization of the banks' deposit base and increasing the sustainability, promising investment projects and crediting of small businesses and entrepreneurship.

In general, the ever-expanding and improving banking infrastructure, recognized by leading international rating agencies, contributes to a more competitive environment in the banking services market and the quality of services provided, as well as increasing the level of access to banking services. Nowadays, every segment of the population uses banking services. The fact that people have the opportunity to perform operations without leaving home also brings benefits to every citizen.

Literature review

In the Presidential Decree No. PF-5296 of January 9, 2018 "On measures to radically improve the activities of the Central Bank of the Republic of Uzbekistan" and Resolutions

No. PP-3620 of March 23, 2018 "On additional measures to increase the popularity of banking services" tasks for abrupt change have been identified [2].

Indeed, today our banks, which have set the principle "The client is not for the bank, the bank is for the client" as the main criterion for themselves, operate in accordance with modern requirements in all areas of service. A clear example of this is the results of a series of studies conducted by the Center for Public Opinion Research to determine the activities of businesses and the role of banks in the lives of the population. Because it is during these surveys that the population and entrepreneurs have a fair opinion about the achievements and shortcomings of the banking system of our country. On this basis, the development and implementation of proposals, the publication of the results of each public opinion poll in the press is an important factor in ensuring the efficiency of the banking and financial system.

However, while giving effort to the improvement of banking sector we should not forget about habitants of the country. When we look through international market then we can see that the first factor influencing the development of banking infrastructure in the United States, China and Japan is the introduction of innovative technologies into the banking system, while the second factor is the high level of financial literacy of the population. These countries are the first to introduce "digital banking" in the banking system, and the number of users of this system ranges from 55% to 90%. In China, not only payment through banks, but also mobile payment system is highly developed. In China, Alipay, Wechatpay, UnionPayQuickPass payment systems are the market leaders, and 90% of payments made using Alipay. In the structure of trade by plastic cards - the volume of payments by credit cards reached 60%, payments by debit cards - 40%[9].

Research Methodology

In this study, the goals, objectives and principles of payment systems in the digital economy were studied. A systematic approach and analytical methods were used throughout the study.

Analysis and results

There have been more changes in the banking sector over the past 10-15 years than over the past centuries. Now, all over the world, consumers are successfully using Internet banking, ATMs, bank call centers and applications for mobile phones and e-wallets.

Today, customers can manage their accounts remotely and in real time by using mobile and electronic means of communication [10].

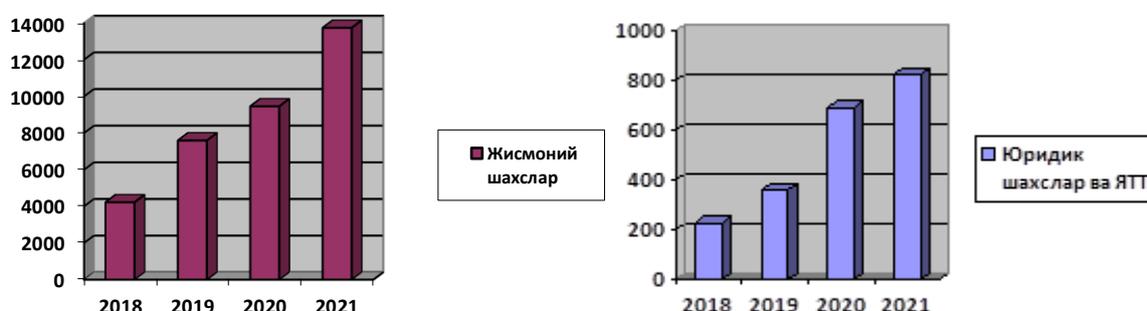


Figure 1. Number of users of remote banking systems from January 2018 to January 2021 (in thousands) [10]

Although such services have not been introduced for a long time, they have become very popular. In particular, the number of customers using these services has grown rapidly in the last five years, reaching 2.2 million in 2021 (Figure 1).

The possibilities of using a plastic card are also expanding.

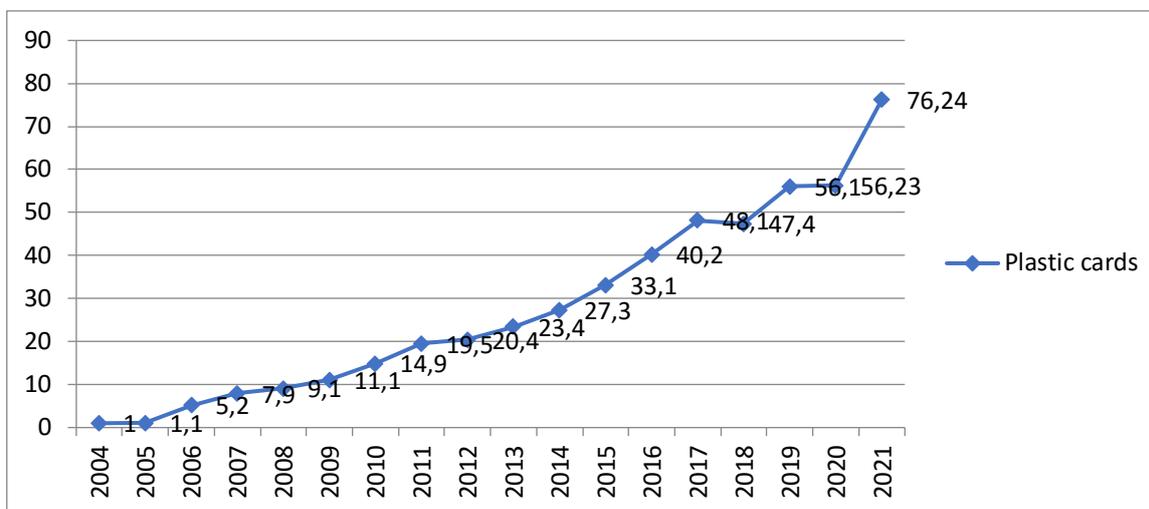


Figure 2. Increase in the numbers of Plastic cards (for January 2004-2021years)

As a result of the work carried out, as of January 1, 2021, a total of 25,775,662 plastic cards were issued by commercial banks (Figure 2) and 438,410 payment terminals for their maintenance (Figure 3), 11,800 ATMs and kiosks have been installed. Over the past five years, the volume of payments which made through terminals has increased 5 times. With the introduction of new advanced information technologies in the banking system, the speed, quality and reliability of services provided by commercial banks are increasing.

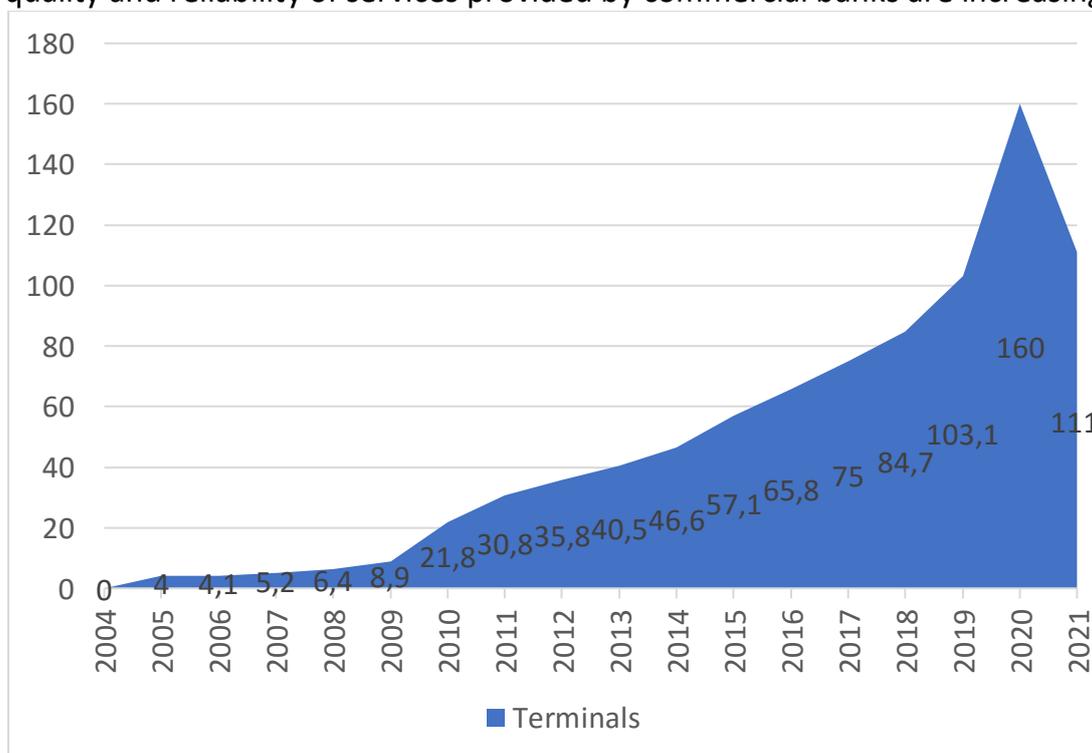


Figure 3. Increase in the numbers of Plastic cards (for January 2004-2021years)

At the same time, as a result of merging the existing technological platform of Uzkart with international EMV standards, commercial banks registered a total of 18,887,522 plastic cards in a single database on the basis of the Uzkart EMV technology platform and more than 2743 million transactions were made.

The development of banking infrastructure in foreign countries was driven not only by technical and technological development, but also by the increase of financial literacy of the population, the effective use of convenient banking services. According to a 2018 study by PewResearchCentre, 51 percent of the U.S. population uses mobile banking and 50 percent uses e-banking to conduct banking operations, while 50 percent of the Chinese and Korean population use these services [7].

We know that Chinese banks today are one of the leading banks in the world in terms of assets and capitalization. In 1991, the People's Bank of China launched its national payment system ChinaUnionPay in partnership with Visa and MasterCard. The total number of cards has reached 5 billion, and in China there are 3 bank plastic cards per capita. Using ChinaUnionPay payment system cards in 160 countries around the world, the US payment system is one of the main competitors of Visa and MasterCard. 70% of commercial organizations in Europe accept payments on cards of the Chinese national payment system. At present, our national payment systems are preparing to cooperate with international payment systems and operate as a universal payment system.

Customers increasingly appreciate the convenience of accessing banking services anywhere, at any time. Statistics show that about 21% of customers use a mobile bank.

Therefore, at present, the use of Internet banking is quite promising. Many large banks are increasingly developing this system, which helps them connect with customers over the Internet. Banks are developing customer-friendly mobile applications. It follows from the above that the market of banking Internet services in Uzbekistan is rapidly developing and in the coming years the volume of supply of Internet banking services in the services market will at least double[3].

Nowadays, almost every person has a smartphone, and in this regard, banks decided to expand the opportunities for their owners. Not so long ago, a new payment method appeared - "touch the reader with your phone or a new contactless card" - says the official website of MasterCard. NFC technology pushed banks to this idea. More than 700 million consumers will use contactless technology to pay for purchases, according to a Juniper study. In addition, the NFC chip can be installed in a watch, phone or card. When using the card, there will be no problem with ATMs when they "eat" the card [5].

Some banks have introduced SMS notification about traffic fines and taxes. This is a very useful function on the part of the bank, since if there is the required amount on the card, you can immediately pay a fine. Perhaps, in the near future, complete biometric customer identification will appear in the banking sector.

Conclusion and Recommendations

Uzbek banks still consider above mentioned areas of customer service "alternative channels" and continue to invest significant resources in the development of traditional banking branches. However, the rhythm of modern life, the penetration of modern technologies into it lead to the fact that business people are less and less willing to interact with the bank in direct access[4].

At the same time, new technologies provide those degrees of freedom and choice that were not previously available to the bank's clients - convenience (at any time and in any location), speed, control and independence. Therefore, the most promising area of retail customer service for the bank in the near future will be the development of a network of fully automated bank branches (for example, including ATMs operating on the CashRecycling system, terminals, deposit ATMs, currency exchange machines, etc.), which should be small in size and located in places of mass presence of people. According to static

data, we saw that the number of ATMs and terminals continues to grow. This means that the demand for such services has also increased.

Nowadays, phones that have fingerprint-based functions are increasingly being developed and improved. It is possible that banks will also find something attractive in this technology. For example, instead of entering a PIN - code, you will need to put your finger on the sensor and the purchase will be paid. Then you will not need to carry identity documents with you. You can already see examples of the use of such technology. The use of such technologies will help in accelerating the work with clients and making banking transactions.

It is time that traditional branch turns into the CBU (Banking Services Center) for the sale of complex banking products such as (mortgage loans, private banking, opening a current or new deposit account). Less complex products and transactions that do not require a high involvement of a bank employee will move to more efficient channels - Internet banking, call / contact centers and IVR technologies, smartphones and communicators, mobile phones, e-wallets, micropayments with cards with a pledged limit. Let's take a closer look at innovations in the banking sector. Internet banking allows, subject to the availability of Internet access, to perform various banking operations. With the help of Internet banking, you can check the status of your account, replenish your phone account, transfer money to another card, receive loans, etc. And all these operations can be performed online, in your personal account on the bank's website or in a smartphone application[8].

For banks, this project with biometric identification will cost very little, since it is enough for them to provide ATMs with such a system and set conditions for the bank to switch to the new system. To start this project, you only need to change the identification system and make some changes to the program. On the other hand, society is not yet ready for such changes, since fingerprint reading on a smartphone has appeared not so long ago. Many innovations never reach potential consumers. Information about innovations in the banking system should enter circulation more technically and rapidly, thanks to improved marketing in banks.

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