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Development of Information Technology in the Field of Financial Credit

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Abstract: By its importance, IT nowadays occupies one of the leading places in the banking sphere. It is impossible to imagine any modern bank, which would not use information technologies. In the scientific article, the directions of development of banking technologies on the example of foreign countries offered, also offers and recommendations put forward, directed on strengthening of competitive positions of banks.

Key words: banking, information technology, competitive advantage, banks, currency, blockchain.

The current period marked by radical changes in financial technology, affecting the entire infrastructure of the sector and associated with an increased level of automation; openness and customer focus [3]. Virtually any financial transaction performed using a mobile device, providing opportunities for personal financial management, social payments, and biometric payments. Large banks are interested in maximizing their competitive advantage with digitalization. This determines a shift in priorities towards in-house development. According to the Strategy for the development of the IT industry in the Republic of Uzbekistan for 2014-2020 and up to 2025, the IT industry can grow by 150-200% in 8 years [1].

The current trend of IT development in the banking sector shows rapid progress. One of the brightest developing branches in the banking IT sphere is customer identification. The British bank Halifaks has begun testing a program that will identify British bank Halifaks has begun testing a program that will identify each customer when he enters a banking institution based on his heartbeat rhythm. Using a special fitness bracelet worn on the client's arm, the bank decodes the complex heart rhythm and transmits it to the institution's client database using software. The accuracy of such identification is much higher, and the probability of error tends to zero.

One of the innovative trends in banking service is the emergence of new functions in ATMs. Thus, Austrian Bank of Queensland transferred all its ATMs to the system based on Windows operating system, which allows the credit institution to use ATM as a marketing tool. For example, Bank of Queensland ATM cardholders of other banks offered a lower interest rate on a new credit card [2]. At the same time, in Singapore a standard ATM offers the consumer about 35 types of services, including such non-traditional services for other countries as buying cars and renewing driving licenses [1]. In addition, the Polish company Planet Cash plans to implement Japanese technology and install 2,000 ATMs with customer recognition by fingerprint [3].

Nowadays, contactless card systems have become an everyday occurrence for residents of major metropolitan areas. In Sweden, there has long been a discussion about the complete abandonment of cash. In the first half of 2019, the introduction of electronic money is expected. Major global banks such as Spanish Santander, Swiss UBS, German Deutsche Bank, British broker ICAP and American Bank of New York Mellon Corporation are going to issue a new electronic currency. The currency based on the block chain technology, which used to carry out settlements in bitcoins. The idea of block chain technology is that users can make anonymous payments without any intermediaries on the condition of non-refundable transfers, making transactions faster and cheaper [4].

In addition, Switzerland can count on innovative start-ups such as Ethereum for digital currencies, meet invest for asset management, e-Wise for personal financial management or Twint for digital payments. Other traditional players will also gradually incorporate new technologies into their solutions, such as Swiss-quote in trading, Monetas in data integration, True-Wealth in asset management or Money Park in credit [7].

Currently, the Agrobank Online information platform holds a leading position in the RAEX international rating (factoring firm creditworthiness indicator). According to the results of various studies, the main goal pursued by banks in terms of Internet banking services is to offer the client a wide list of banking products, which have a ramified structure of services in connection with the needs and requirements of the client. In addition, experts highlight two other ways of development: integration with social networks and messengers, as well as increasing the monetary identification of customers in general. For example, Agrobank and Khamkorbank are planning to start issuing loans to customers via Telegram [3].

The development and use of banking innovations on the one hand allows intensify the work with customers, on the other hand to reduce the cost of service banking operations. The argument in favor of the development of banking innovations is the decline in the competitiveness of Uzbekistan banks against the background of the activation of banks with foreign capital, which as a result increases the total profit of banks (Fig. 1)

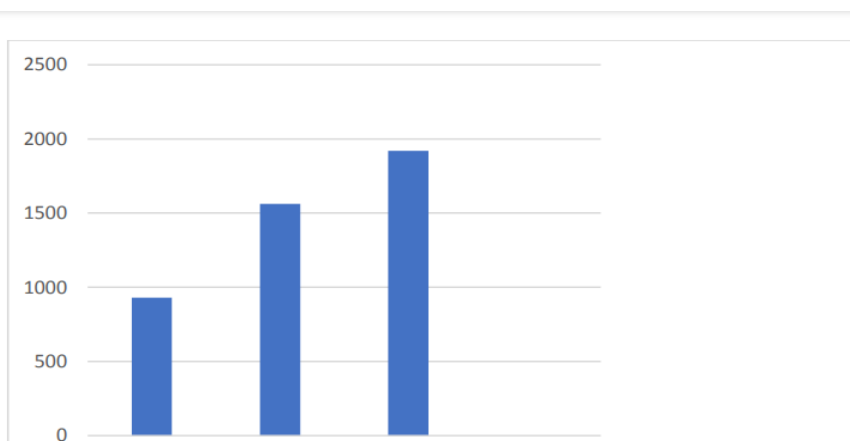


Figure 1. Dynamics of aggregate profit of banks in Uzbekistan for 2019-2021 billion soums [2].

Against the background of increased activity of the banking sector due to the regulator's policy aimed at increasing the liquidity and reliability of the banking sector, competition among the remaining Russian banks is also increasing, given their high degree of differentiation [5].

In order to successfully participate in the competition, domestic banks need to:

- 1) increase flexibility and adaptability to the market, to introduce not only fundamentally new technologies, but also to develop a “kaizen approach”. The main focus of the kaizen system is aimed at the “quality” of personnel, because it is the personnel that determines the quality of products and services. This system involves each employee in the process – from the top manager to an ordinary employee [7];
- 2) switch to new computer technologies of self-service, remote service, virtual banking and financial technologies;
- 3) develop and implement modern credit products on the basis of new technologies;
- 4) develop data analytics, systematically implementing technologies to identify bottlenecks and proactively respond to opportunities and deviations;
- 5) strengthen technological leadership by improving the reliability and accessibility of services for clients, building an ecosystem of banks based on breakthrough technologies, accelerating the launch of new products, implementing Agile-methods to create products and services, the transition to a single IT platform..

The impact of information technology on banking business has increased to the extent that automation, similar to the financial policy of the bank, largely determines the final outcome of credit institutions. The high level of competition is explained by the need in the banking sphere to recommend the latest types of services, gradually bringing their assortment and quality to the internationally recognized practice [6].

In short, a number of reforms are being carried out in the country to develop the digital economy, remote banking services to raise the economy to a new level, the implementation of transformation processes in banks.

In order to expand this process, in accordance with the Presidential Decree No. PF5992 of May 12, 2020 “On the Strategy of Banking System Reform of the Republic of Uzbekistan for 2020-2025”, starting from this year, banks will undergo transformation processes. According to the decree, the introduction of modern technologies, expansion of the number and coverage of contactless payments, automated scoring system, digital identification, widespread use of credit lines, introduction of business models based on the principles of digital banking, as well as AgroBank, the number one bank in Uzbekistan, was established in 2021.

In our opinion, in order to develop the digital economy in banking and financial services, it is necessary to address the following issues:

- Banks need to further develop the role of the locomotive of the economy, to move quickly and to form and implement financial services, taking into account the competitive advantages, specialization and growth points;
- The fact that banks are commercial organizations, first of all, should be for commercial purposes and work should be organized on the basis of market mechanisms;
- It is necessary to prevent the banks from performing tasks outside their core business.

As a result, the development of the digital economy and the further expansion of remote banking services in it will increase the living standards of the population, increase the transparency of the economy and the widespread use of information technology.

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