



## FURTHER DEVELOPMENT OF REMOTE BANKING SERVICES ON THE BASIS OF PLASTIC CARDS

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### ABOUT ARTICLE

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**Abstract:** Improvement of payment practice on the basis of plastic cards, which are considered one of the main forms of non-cash accounting in the banking system, reduction of the amount of cash in circulation, reduction of the volume of accounts and credit debt of business entities, attraction of surpluses of the population and their inclusion in corporate turnover will become the most important factor in the economic development of the Republic of Uzbekistan.

### INTRODUCTION

In the context of the development of world economic relations, there is an integration of the economies of individual countries and the development of payment systems, in particular, the development of non-cash forms of payment. One of the means of making non-cash payments is a plastic card. In many economically developed countries, a plastic card is an integral part of trade and services. Currently, bank cards are the main element of electronic banking systems, increasingly replacing the usual checks and withdrawals. Suffice it to say that in industrialized countries, non-cash payments for goods and services will reach 90% of all cash transactions. In particular, the practice of using plastic cards in the Uzbekistan market has existed for several years, and its advantages are clearly stated. First of all, this is expressed in reducing the risk of losing money, eliminating the risk of traditional forms of theft, benefits when receiving services in trade and service enterprises, and performing financial transactions.

Analysis of literature on the topic: Bruce D. Summers, a foreign scholar, describes that "the payment system is considered an integral part of monetary policy, reflecting a set of rules governing the transfer of money" [1]. Economist O. Lavrushin believes that "the payment system consists of a set of elements that are regulated by law for the fulfillment of debt obligations arising in the course of economic activity" [2]. The author believes that it is advisable to focus more clearly on what elements are being discussed in this definition and which are regulated by law. In her study, domestic scientists Kh. Rakhimova characterizes payment systems as follows: "The country's payment system is a set of specialized institutions, payment mechanisms and principles that ensure the continuous movement of

monetary instruments and help them fulfill contractual obligations between market entities” [3]. The idea of using the first cards as a means of payment originated in England in the late 19th century, particularly when their ideas about credit cards were highlighted by James Bellamy in his book *Looking Back* (1880). [4] In practice, the cards were the first to be used in the United States. Credit cards were originally issued by California-based Genegal Retgoleum Sogrogation (now Mobil Oil) in 1914. His card began to be used when selling petroleum products. The range of benefits of these cards have quickly become popular due to their affordability and convenience. Users enjoyed greater convenience in the provision of services and benefits when purchasing the product. Discounts on product purchases were considered one of the advantages. With the implementation of these methods, the issuing firm was able to obtain stable income and stable income. Cards recognized as the first means of payment were issued by large banks. These include Diners Club (1960), American Express and Hilton Credit (1959). These cards were no different from the previous ones in terms of production, but were very different from them in their functions. These years can be considered as the emergence of a new tool for organizing non-cash payments. As card applications progressed, many banks faced the main obstacle - the local network for servicing their cards. In 1966, Bank of America began licensing other banks to issue Bank Americard cards. In response, several large banks, competitors of Bank of America, formed their own Interbank Card Association. The next stage in the development of plastic cards is associated with the French name Roland Moreno, who in 1974 promoted the use of cards using an electron microscope. Smart card technology is developing dynamically in Europe. Based on global experience, special emphasis is also placed on the development of plastic cards, which play an important role in improving the payment system by the government of Uzbekistan. All conditions are being created for expanding the plastic card market, and the number of bank issuers and the number of their users is increasing from year to year. The capabilities of smart cards currently implemented are not inferior to the capabilities of personal computers of the 1980s, ensuring the security of payment transactions. A smart card is considered an excellent payment instrument and acts as an “electronic wallet”. An electronic wallet is a card for individuals, the use of which allows its owner to pay for goods, work, services or cash within the remaining funds on the plastic card. Another feature of smart cards is that one electronic card can contain “electronic wallets” in multiple currencies. This is how plastic cards began to spread throughout the world. Just as the creation and development of plastic cards has its own history, so the formation and development of a system based on plastic cards in Uzbekistan has its own history. Plastic cards appeared in Uzbekistan in the early 1990s, although late compared to other countries. The TIF National Bank played a big role in the emergence and development of plastic cards in Uzbekistan, and the creation of a national plastic card system. In 1993, the payment association of the Financial Institute of the National Bank TIF became a full member of VISA International and issued about 5,000 personal and corporate VISA Classic debit cards. The next one was Andijanbank, which in 1995 issued cards of the Russian Union Card payment system.

Research methodology: During the research process, statistical, analytical, comparative, observational, inductive, deductive, logical, monitoring, express assessments and other methods of analysis were used. As a result of the literature studied, the topic was fully disclosed. The tables have been compiled and collated accordingly.

## **ANALYSIS AND RESULTS**

The number of goods and services that can be paid for via the Internet is constantly growing. You can pay for mobile communications, cable TV, Internet, utilities, taxes and fines without leaving your home.

Banks and payment institutions are constantly expanding the range of services that can be paid online. In turn, enterprises and organizations are given the opportunity to manage and make payments on their bank accounts in real time, submit an electronic application to the servicing bank for the purchase (conversion) of foreign currency, and make electronic transfers.

**Table 1**  
**Number of remote banking users [5]**  
**(As of 01/01/2023, pcs.)**

<b>№</b>	<b>Name of commercial banks</b>	<b>Legal entities and individual entrepreneurs</b>	<b>Individuals</b>	<b>Total</b>
<b>1</b>	<b>National Bank</b>	90 887	1 418 656	1 509 543
<b>2</b>	<b>Uzpromstroybank</b>	64 432	4 826 338	4 890 770
<b>3</b>	<b>Ipotekabank</b>	150 082	2 278 121	2 428 203
<b>4</b>	<b>Turonbank</b>	41 237	309 740	350 977
<b>5</b>	<b>Kapitalbank</b>	35 325	933 446	968 771
<b>6</b>	<b>Other banks</b>	823 107	21 831 171	22 654 278
<b>Bcero</b>		<b>1 205 070</b>	<b>31 597 472</b>	<b>32 802 542</b>

Based on the results of the analysis, commercial banks are expanding the scope of remote services for both legal entities and individuals. As of January 1, 2022, these indicators have undergone significant quantitative and qualitative changes. For example, in the National Bank TIF there are now 90,887 legal entities and 1,418,656 individuals, which is 33% more compared to 01/01/2022, and the difference is now 15,267. The bottom line is that the number of clients is increasing, and the scope of services through mobile applications is expanding. The most advanced in the regional banking system in this direction are private banks. For example, Apelsin and Uzum Bank are examples. Virtual cards are one of the modern remote banking services, which is currently prohibited in almost all city and regional centers of the republic. Virtual cards are electronic cards from commercial banks and payment organizations, created for the purpose of securely making purchases over the Internet. The only difference between virtual cards and traditional ones is that they cannot be held in your hand. Virtual cards are opened using the online interfaces of banks and payment organizations. To open virtual cards, the client must pass identification, i.e. have your own account number and register in the mobile application. Information about the virtual card (card number and CVC code) will be disclosed within a short period of time after the client has submitted a request to open a virtual card, which will be available for use when making purchases on the Internet. New technologies are rapidly penetrating the life of every person; of course, they cannot lag behind in progress. In addition to improving the payment system, new problems will arise in the economy. Banks alone cannot solve these problems; this requires government assistance. Only with the assistance of the state can these problems be completely eliminated.

**Table 2****Bank cards issued by region, terminals installed in locations, ATMs and information kiosks[5].**

№	Region name	01.01.2023		
		Number of bank cards	Installed terminals	ATMs and information kiosks
1	Republic of Karakalpakstan	1 278 487	20 355	574
2	Andijan	1 900 846	24 302	691
3	Bukhara	1 128 543	24 820	834
4	Jizzakh	816 302	12 575	358
5	Kashkadarya	1 651 591	23 506	677
6	Navoi	865 020	17 133	483
7	Namangan	1 497 335	22 136	692
8	Samarkand	1 914 502	29 699	1 056
9	Surkhandarya	1 228 242	16 300	743
10	Syrdarya	647 743	11 848	306
11	Tashkent region	1 818 208	36 559	735
12	Fergana	2 041 984	31 900	1 296
13	Khorezm	1 067 390	18 915	603
14	Tashkent city	11 511 824	143 130	3 961
<b>Total</b>		<b>29 368 017</b>	<b>433 178</b>	<b>13 009</b>

It was revealed that in the process of studying the data presented in Table 2, a number of problems arose. Issued plastic cards, locally installed terminals, ATMs and information are provided unevenly in quantity and quality. Their installation and maintenance are sufficient in the city and regional centers of Tashkent, but in the regions they are in short supply. For example, in the regions of Syrdarya, Navoi and Khorezm there are more such problems. As a result, plastic card holders will have to spend time and money on regional centers and district centers as a result of ignorance of the remote service system. The availability of the Internet and other problems in places also causes problems in the use of plastic cards.

**Table-3**

**Information about ATMs and ATMs installed by commercial banks in locations [5] (as of 01/01/2023)**

№	Name of commercial banks	Total number of ATMs, information kiosks and ATMs	UZCARD	HUMO	ATM quantity	Number of information kiosks
1	National Bank	739	235	285		219
2	SQB	475	152	191	4	128
3	Ipotekabank	622	258	297		47
4	Turonbank	472	142	197	49	84
5	Kapitalbank	2065	1033	78		954
6	Other banks	17117	3681	5307	419	7727
<b>Total</b>		<b>21490</b>	<b>5501</b>	<b>6355</b>	<b>475</b>	<b>9159</b>

The presented data show that both the analyzed banks and the studied figures in the regional banking system are very large. For example, by the beginning of 2023, the National Bank changed by 26% compared to 2021. In general, for banks, positive changes occurred by 60%. The bottom line is that commercial banks spend time and money on this borderless route, creating a great experience for these customers. A local payment system card can only be used at bank ATMs and cash terminals, as well as at retail outlets where these bank terminals are installed. Currently, there are 2 types of local payment systems in the Republic of Uzbekistan. For example, these are the UzCard and HUMO payment systems. Both systems are designed to make non-cash payments electronically, through a mobile application or website. The payment system allows you to make payments for mobile communications, foreign services, utilities, transfer money, pay fines and other financial transactions. Despite the obvious advantages of plastic cards as a means of making non-cash payments, as well as many years of experience in their mass use in Western countries, the development of this payment instrument in our country faces a number of problems. These problems are objective in nature and are associated, first of all, with the general situation in the provision of financial and trading services to individuals. Unlike Western countries, where initially bank plastic cards were offered to the population as another means of payment and in which non-cash payments existed, plastic cards in our country opened a new page in the financial and legal practice of individuals. At the same time, bank plastic cards are formed in difficult conditions for the country's economy, are periodically tested by force and confirm its necessity. The fact that plastic cards have not yet become widespread and are used to a limited extent among the country's population is a sign that there is no acceptable combination of economic interests of the main participants in payment systems. At the same time, the most active and interested market participants today are commercial banks. Most retail and service businesses voluntarily do not agree to pay for their plastic cards because, since they are primarily cardholders, they tend to have very few new customers. The majority of the country's population uses plastic cards in accounts every day, subject to a combination of the following two conditions: Firstly, if the payment mechanism using cards is not less than that used in cash; Secondly, if cards are cheaper to use, that is, due to additional income in the form of accrued interest, then this provides minimal value or even profit compared to cash.

## CONCLUSION

The share of individuals and legal entities receiving cash and making payments using bank cards is gradually increasing in the number of transactions to pay for goods and services. Results for 2023 show that the share of non-cash payments in total transactions is 70%. A plastic card serves as a tool in one or another payment system. A payment system is a set of institutions, instruments and procedures used to carry out money transfers between economic agents to pay day-to-day payment obligations. Today, the number of credit institutions that issue or buy plastic cards is stabilizing. The total volume of cards issued in Uzbekistan is dominated by debit cards, the largest share of which are cards serving salary projects.

Today it is possible to open virtual cards in mobile applications of commercial banks and payment institutions, and this serves as a convenient means for online purchases and payments. This means that a bank customer can create a virtual card for a specific purchase, but another person will not be able to use the funds on the main card, even if he has access to his data. In Uzbekistan, the number of devices providing free payments using plastic cards is increasing. At the same time, there are a number of important negative trends that are manifested by the public in organizing the use of plastic cards:

- demand for cards depends on the seasonal financial activity of the population;
- Internet banking is not implemented effectively enough, this is the coverage of plastic cards that are not fully issued (70 – 80%) by Internet banking services and the unpopularity of the “Mobile Bank” service.

There are also a number of threats associated with the features of bank cards:

- the risk of conducting financial transactions on the Internet associated with unauthorized access by third parties;
- unfavorable trends in the socio-economic development of the region;
- credit card risk is one of the constant credit risks of any bank;
- technical problems, unsuitability of terminals for treatment or its complete absence;
- failure of professional bank employees (unsuccessful trading, operational errors);
- low level of economic culture of cardholders.

**Bank Accounts:** Bank accounts, certificates of deposit, or individual retirement accounts established as a trust or payable to an entity used by Jehovah's Witnesses as required by local banks. A plastic card is a non-cash payment instrument, the use of which reduces the amount of cash and money supply, simplifies settlements with trade turnover among the population and in general. At the present stage, there is a dynamic growth of the bank card market in Uzbekistan: the number of cards is increasing, turnover and balances on bank card accounts are growing. World experience is based on the influence of foreign banks on the activities of banks. It should be noted that the types and quality of transfers in foreign experience are high. This means that the growth rate has not yet reached its maximum. One of the recommendations to our banks is to use different transfers in one bank. Because these transmissions vary in level and scope of use in different countries. Nowadays, mutual settlements in national currency are developing with different countries, including BRICS and the SCO. Therefore, it is also necessary to make full use of remittance systems such as MIR and ChinaPay. Thus, plastic cards are useful and electronic wallets for everyone, and the high discoveries of world experience demonstrate that our country is rapidly entering the world community and international financial markets.

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