

## STUDY OF THE QUALITY AND POPULARITY OF BANKING FINANCIAL SERVICES

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**JEL Classification:** E5,E58

**Abstract.** *On this article we discuss financial services provided by banks, the level of customers satisfaction with banking services in the digital economy, as well as the factors influencing it on the basis of theoretical and practical data. With Uzbekistan joining the May Declaration of the Global Alliance for Financial Inclusion, one of the priority areas of reforming the banking system and the activities of the Central Bank has become improving the quality, financial inclusion and financial literacy of the population. As part of the survey of the Central Bank, an analytical report was prepared on the quality of the provision of banking and other types of financial services in the Republic of Uzbekistan. In addition, having studied of foreign experience, it is substantiated that the increase in the quality of banking services directly leads to the improvement of customer satisfaction with financial services of banks and further development of banking competition in the market of banking services, as well as scientific proposals and practical recommendations were developed.*

**Key words:** *financial services, distance banking services, quality of banking services, popularity of services, customers satisfaction, classification of banking services.*

### **Introduction.**

Creation of favorable conditions for customers in the conditions of interbank competition, organization of the service system on the basis of international standards, further improvement of service quality, creation of a clear and efficient mechanism for assessing banking services have a positive impact on the development of banking practice.

In accordance with the requirements of the development of the national economy in our country, a lot of effective work has been done in this area, and these relations have been further radically improved in recent years. In particular, it is important to note that "in order to improve the quality of banking services, the most important tasks in this area are the introduction of such indicators as efficiency of commercial banks, customer satisfaction index, customer service recommendation index ..." [1].

Therefore, today in our country such issues like "increase the popularity of

financial services, expand access of banks to the regions and provide the same type of services in all settlements, the widespread introduction of information technology, financial technologies in the banking system based on modern service solutions, adequate information security, as well as reduce human impact on financial services" [2] are given priority.

The main purpose of this work is to create a dynamic, innovative and inclusive financial system for all segments of the population, including low-income people who are not adequately covered by financial services, and who have access to quality financial products and services for rural residents and small businesses.

These reforms will ensure the well-being of the population, the stability of the financial system and economic growth, as well as reduce the share of the shadow economy in the country by increasing financial literacy, expanding the popularity and access to basic financial services, strengthening public confidence in credit and payment institutions.

#### **Materials and Methods.**

The article provides a systematic analysis of the literature in the study of issues of increasing the quality of banking financial services. Also, the scientific conclusions of the research work carried out by foreign and local scientists in this area were studied and independent approaches were formed. The analysis of statistical data in the article covers 11 years (2012-2022) and identifies trends.

A number of local and foreign economists studied issues related to increasing bank financial services and enhancing their popularity.

There are various definitions of banking financial services. In particular,

foreign economists J. Eklof, O. Podkoritova, A. Malova said that the high level of customer satisfaction with financial services leads to the improvement of the bank's financial service performance [3]. Indeed, if customers are satisfied with banking services, it will lead to an increase in confidence in the bank, an increase in the number of customers and, consequently, an increase in banks' profits.

Economists Komwut Unyathanakorn and Nopadol Rompho noted that customer satisfaction with online banking services has a positive impact on the quality of banking services and the constant study and satisfaction of customer demand for their prices [4]. Today, the development of digital technologies around the world is directly leading to the development of online banking services and increasing the level of their use. This, in turn, creates the need to constantly update the quality of financial services provided by banks and their prices, taking into account the views of customers. The goal is to improve the quality and expand the popularity of services and hence to attract new customers and increase their satisfaction with banking services.

So, O.I. Lavrushin defines "a banking service as one or more bank operations that satisfy certain needs of the client, and the conduct of banking operations on behalf of the client in favor of the latter for a certain fee" [5].

According to Yu.V.Golovin, "a banking service is a set of operations representing a complete set of services that satisfy any need of a client" [6].

Among foreign scientists, such foreign specialists as D.Ariste, B. Buchwald, K.Davies, J.Seitz, A.Kenyon, S.Mathur, M.Porter are engaged in the study of banking services, who refer to banking

services all types of bank activities and consider banking services as a kind of banking activity [7].

The quality of a banking service is a category that is a combination of banking service properties that give it the ability to meet customer needs [8].

According to American researchers, the most important criterion for determining the quality of banking services by a client is the qualifications of the service personnel and the environment [9].

**Results.**

Despite the fact that the concept of "banking services" is repeatedly used in various legal documents, it has not received any definition either in banking or in antimonopoly legislation, which should be considered as a gap. The range of banking services is so heterogeneous, and the criteria for their differentiation are so diverse that it becomes necessary to classify them, which

can be based on both properties characteristic of the entire class of services and features inherent exclusively in banking services. The decision on the structure of the basic list of services is made at the stage of bank creation, when it is determined whether the bank will be universal or specialized. The list of basic banking services is approximately the same, so additional services are of great importance for attracting customers – the current range, which is formed as the bank develops by introducing new services, modifying or replacing existing services. The criterion for the correct provision of banking services is their scientifically based classification. At the present stage, most of the commercial banks in Uzbekistan offer the next main range of services (Fig 1).

We can propose the following classification of banking services:

**Table 1.**

**Classification of banking services<sup>1</sup>**

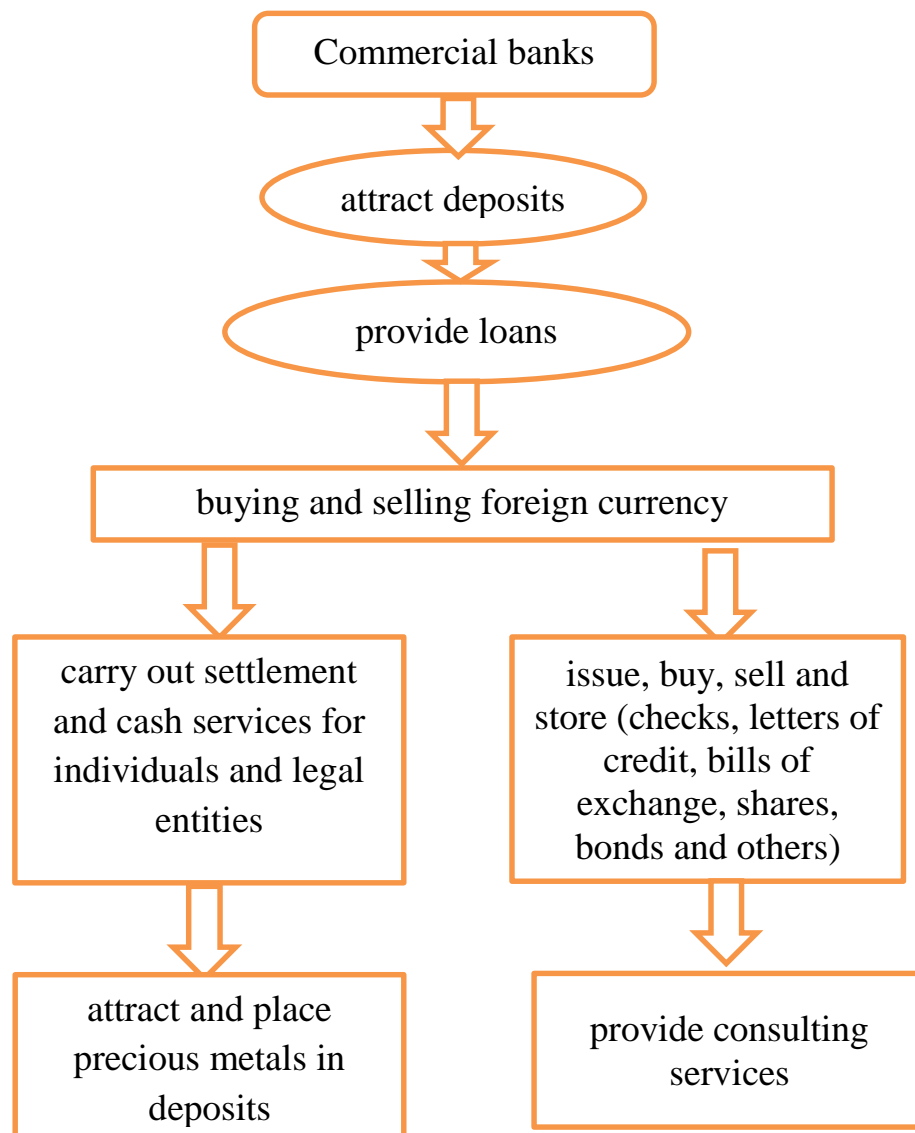
<b>Classification criteria</b>	<b>Type of services provided</b>
<b>According to the compliance of banking activities</b>	- basic services - additional services
<b>According to the subjects of receiving services</b>	- services to legal entities - services to individuals
<b>According to customer's needs</b>	- direct - indirect

<sup>1</sup> compiled by the author.

All these services are only a small part of the list of banking services. Banks are now seeking to expand their number and improve the quality of their services in order to attract more customers and increase their revenue base.

About 300 types of banking services are provided in developed countries, while Uzbek banks provide far fewer services, but

their list is constantly expanding. The conventional model of the banking system can be improved in its performance without changing its objectives and functions using electronic communication technology so that the speed, quality, accuracy and convenience of banking services to its customers will improve to a great extent.



**Fig 1. The main list of banking services offered by commercial banks of Uzbekistan<sup>2</sup>.**

<sup>2</sup> compiled by the author.

Experts, both in Uzbekistan and abroad, argue that in the field of banking services today it is the quality of customer service that determines the success of the competition. The best information technology in a bank and the most capital mean little when the bank is not performing quality banking services.

Providing financial transactions through mobile devices is a new distribution channel for financial institutions. Using this new distribution channel, they can add further value to their financial services. One

of the industries which seem to be more affected after inventing the internet and mobile communication technology is retail banking. However, their core services are perfectly and the new technology, therefore, has a potential for transferring all their banking business to mobile banking. This availability of new distribution channel is advantageous for banks for following reasons due to possibility of improving operation effectiveness and service differentiation:

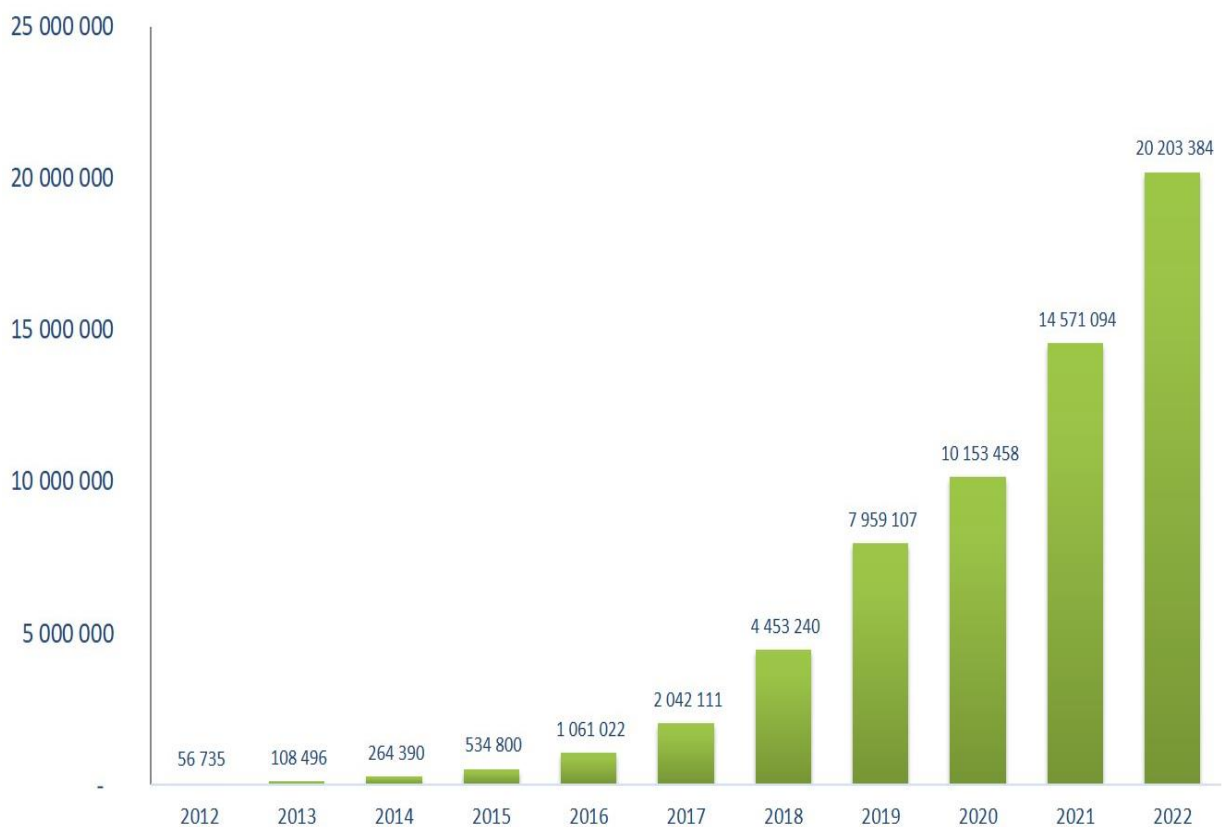


Fig 2. Number of users of remote banking services (at the beginning of the year)<sup>3</sup>.

<sup>3</sup> Source. <https://cbu.uz/uz/payment-systems/remote-banking-services/>

❖ The mobile banking distribution channel can offer the customers better service output online in the form of a broader and deeper assortment, less waiting time and higher market decentralization.

❖ The mobile banking distribution channels are more cost effective than telephone and branch based networks, and lower cost may lead to lower prices for the consumers. In such cases, seemingly loyal customers may change to the mobile banking distribution channels, and the banking firms that have invested in the wrong channels may end up with channels that turn out to be useless, i.e., investments which may be difficult to recover.

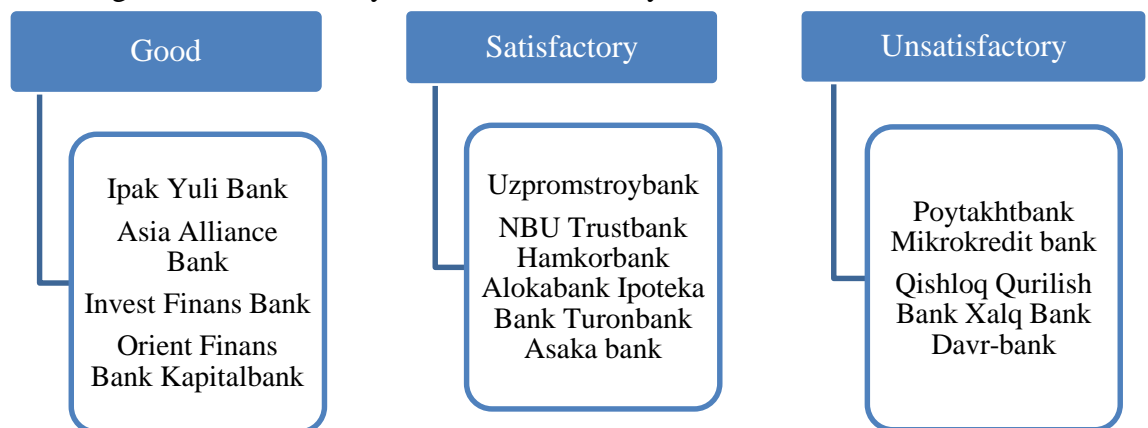
As we can see from the figure 2, the number of users of remote banking services provided by banks has a growing trend in the period from 2012 to 2022. As of January 1, 2022, we can see that this figure has increased by 43.5% or 1.4 times compared to the previous year, and 143 times compared to January 1, 2012. This, in turn, reflects the results of economic reforms in the country and the growing confidence of consumers in the banking system of the country.

The high quality of services provided by banks is a guarantee of victory in the

❖ The mobile banking distribution channels may change the way in which financial institutions interact with their customers and may facilitate direct marketing, relationship marketing, and mass customization, thus increase customer loyalty.

❖ The demand for usage of mobile banking channel is likely to increase in the future due to the increase in literacy and the availability of mobile phones at cheaper rate and fall in the cost of mobile communication charges. This will change the optimal distribution channel structure for the most retail banks and the mobile banking channel is going to be most preferred banking channel due to its ideal characteristics. struggle for customers between banks. In this regard, the Central Bank conducted a survey of consumers of banking services in Tashkent to assess the quality of customer service. The survey was conducted with customers of commercial banks and involved individuals and businesses.

The survey on the quality of banking services in commercial banks was conducted on the basis of 4 criteria: reliability, skills, responsiveness and customer support. The following table shows the results of the survey:



**Fig 3. Results of the assessment of the quality of banking services [10].**

According to the survey, the quality of services provided by consumers in 5 banks, including Ipak Yuli Bank, Asia Alliance Bank, Invest Finans Bank, Orient Finans Bank, Kapitalbank, is "good" compared to other banks. The services provided by Aloqabank, Ipoteka Bank, Turonbank, Asaka Bank were assessed as "satisfactory". Also, according to respondents, the quality of services provided by Poytakhtbank, Mikrokreditbank, Qishloq Qurilish Bank, Agrobank, Xalq Bank and Davr-Bank "does not meet" the needs of customers.

### **Discussion.**

#### *Providing remote banking services.*

Provision of remote services by banks is a set of services that allows you to perform various banking operations remotely. In this case, banking services are used via computer or mobile phone. The main purpose of providing remote banking services is to create high convenience for customers and enhance the popularity of banking financial services. In particular, customers will have the opportunity to spend less time in the process of using banking services, reduce costs and perform banking operations faster.

#### *Popularity of banking services*

Over time, the development of technology has also had a number of effects on the banking system. In particular, it is gratifying that today banks offer new attractive and seasonal services based on the wishes and desires of customers. In addition, awareness of the shortcomings of banking

services provided by banks through regular surveys of customers and the study of their views on improving the efficiency, attractiveness and security of banking services will help to increase confidence in the bank, provide quality and popular banking financial service [11]. In consequence, banks can attract new customers by improving competitiveness.

### **Conclusion.**

In the course of this research, a number of conclusions and recommendations were made. Including:

1. in increasing the quality level of financial service in banks, it's required to focus on a separate study of the factors and their components that directly affect it.
2. expanding the popularity of banking financial services by engaging populations from rural areas.
3. further improvement of the work of mobile applications of commercial banks, which are more able to provide a wider range of offered services.
4. based on the above, one of the urgent tasks is the development of the banking system, combining international experience, in particular, the widespread introduction of modern IT technologies in the industry and organizing a software to assess financial services provided by commercial banks.

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