

THEORETICAL AND LEGAL BASIS OF RETAIL SERVICES OF COMMERCIAL BANKS

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Abstract: This article examines the theoretical and legal foundations of retail services in commercial banks, provides bank management, analyzes the banking services provided to the population in banks, and makes recommendations.

Keywords: banking services, banking infrastructure, banking products, remote banking services, internet banking, mobile banking.

ТЕОРЕТИКО-ПРАВОВАЯ ОСНОВА РОЗНИЧНОГО ОБСЛУЖИВАНИЯ КОММЕРЧЕСКИХ БАНКОВ

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Аннотация: В данной статье рассматриваются теоретико-правовые основы розничного обслуживания в коммерческих банках, проводится банковский менеджмент, анализируются банковские услуги, оказываемые населению в банках, даются рекомендации.

Ключевые слова: банковские услуги, банковская инфраструктура, банковские продукты, дистанционное банковское обслуживание, интернет-банкинг, мобильный банкинг.

In the era of rapidly developing “XXI century of information technologies”, it is difficult to imagine banking without modern technologies. The use of modern technologies and the offered services allow to reduce bank costs and save customers’ time. It is known that banks are an integral part of the financial system and operate in close connection with the market and the requirements of producers. They are located at the center of the world economic

life and connect industry and trade, agriculture and population by serving the needs of producers and consumers.

The most effective way for commercial banks to ensure competitiveness is to gain the trust of customers and create all the conveniences for them, as well as to increase the type, quality and speed of services. In order to ensure competitiveness, banks feel a greater need to introduce modern banking services and use new technologies.

As a result of the improvement of the standard of living of the population and acquisition of modern knowledge, their demands for new financial services are increasing. The promptness, quality, correctness, safety and reliability of services of commercial banks are the requirements of bank customers. Modern remote banking services can meet these requirements.

In recent years, commercial banks of Uzbekistan have been trying to increase the types of services offered to their customers and diversify their activities by developing retail operations. For this purpose, banks are actively implementing electronic service technologies such as remote management of their account numbers through ATMs, mobile phones and the Internet. By implementing remote banking services, the credit organization, in addition to its traditional operations, also uses new banking products that fully and better satisfy the needs of customers. But this is not enough, because in the era of rapidly developing information technologies of XXI century, there are a number of problems related to the implementation of real-time banking operations that are still waiting to be solved.

The expansion of the banking infrastructure in Uzbekistan serves to strengthen the competitive environment between banks and increase the quality and scope of banking services.

Commercial banks diversify their activities by developing new banking services and increasing the types of services they provide to customers. The main factor for the emergence of modern information technologies and new

banking products by banks is the creation of conditions for the development of the banking services market. The incomplete formation of the competitive environment in the market of banking services affects the development of banking services.

The relevance of the topic determines the existence of current problems and the need to develop ways to solve them in terms of improving retail services provided by commercial banks of the Republic of Uzbekistan.

Analysis of used literature. The number of services of banks, which are considered the main branch of the economic system, is increasing day by day. The availability of traditional banking services from a distance has opened the era of providing new modern services for banks. Currently, the market of banking services is functioning as the best developing market in the financial market of Uzbekistan. The effectiveness and competitiveness of banks largely depends on the introduction of new banking products and services.

Currently, the concept of “retail banking services market” is not defined clearly enough in modern economic literature. For example, S.V. Bichik, A.S. Authors such as Damoratskaya, “Service market” means a market based on commodity-money relations for the sale of services of a retail nature¹.

The author A.N.Azriliyan assumes that the public service market is a set of relations (socio-economic, legal, material, financial) between service providers - sellers, consumers and buyers. In Belarusian economic literature, the concepts of “banking service” and “banking operation” are often not distinguished. For example, the following definitions are given: banking services - banking operations performed on behalf of clients; banking service - a direct banking operation to provide services to the client².

Under retail banking service, after M.S.Maramygin and A.V.Povarov, we understand “the form of manifestation of banking services in certain product

¹ Бичик С.В., Даморацкая А.С. Словарь экономических терминов. - Мн.: Універсітэцкае, 1998. - 237с.

² Лукьяненко В.З. Банковские услуги для каждого // Банковский вестник. - 2004. - №13. - С.10-13.

offers on the market”³. Banking service in retail trade has a number of unique features: it works as a process in which all participants of the retail banking market interact; shows that service production is inseparable from consumption; characterized by length of time; uses money and financial instruments; it requires a certain cultural and educational level of clients, and therefore, additional targeted actions of banks in the form of their training.

Most authors consider banking services as a combination or variety of banking operations. For example, I.S. Didenko states that “Banking service is an interconnected set of banking operations performed by the bank to the client on the basis of a contract and aimed at satisfying the client's need for banking services”. According to D.E.Shved, “banking services should be understood as bank operations for customer service with an additional feature”.

The concept of “service” is interpreted differently by different authors. In some cases, this concept is revealed as a function designed to achieve certain goals, while in others it is considered as an object with a set of certain qualities.

For example, the well-known marketer F. Kotler interprets the concept of “service” as any activity or benefit offered by one party to another, which is mostly imperceptible and does not lead to the acquisition of something⁴.

In modern economic literature, the definition of banking services as "mass transactions" is widespread. However, this definition does not clarify how services differ from other banking operations. Unlike the banking operation, which consists of the bank's collective actions aimed at achieving a single economic result, the banking service performs certain tasks accompanying banking operations⁵. E.F. Zhukov divides banking operations into assets and

³ Марамыгин М. С., Поваров А. В. Понятие розничного банковского продукта
URL: <https://cyberleninka.ru/article/n/ponyatie-rozничного-bankovskogo-produkta>.

⁴ Котлер Ф. Основы маркетинга. - Новосибирск: Наука, 2012. - С. 638

⁵ Банковская система России. Настольная книга банкира. Книга I. - М., 2015. - С. 688.

liabilities, and includes such types of activities as leasing, factoring, forfeiting, and trust operations in the financial services of banks⁶.

Based on the above considerations, we considered that the banking service is a set of technically connected banking operations that are carried out on the basis of a mutual agreement aimed at satisfying the needs of the bank client.

Analysis and results. The 60-70s of the 20th century are the initial stage of the development of the theory of banking services. At this time, H. Douglas⁷ “Banking policy in the field of lending” of the University of Michigan (1971), D. Revel “Competition and Banking Management” of the University of Wales (1978), “Credit Services of Savings Banks” of the University of Geneva (1974 .), S. Derey's “Strategy of British Banks and International Competition” (1977) and G. Brian's⁸ “Competition in the Banking Industry” (1970) were published. The above-mentioned scientific works are devoted to the study of the market of banking services and its segment of banking services.

The 80s of the 20th century can be considered the second stage in the development of the theory of banking services. This period is described as an attempt to research the specific features of credit and financial systems of individual countries, as well as possible consequences of the impact of globalization and centralization of banking capital on the market of banking services.

The third stage of the development of the theory of banking services began in the 90s of the 20th century and continued until the beginning of the new millennium. The signing of the Maastricht Treaty on the establishment of the European Economic and Monetary Union in 1992 and the introduction of the single currency - the euro - into circulation in Europe in January, 1999 became the basis for reconsidering the provision of collective banking services to customers.

⁶ Жуков Е.Ф. Банки и банковские операции / Под ред. Е.Ф.Жукова. - М.: Банки и биржи, 1997. - С. 196.

⁷ Дуглас Х. Банковская политика в области кредитования. - М.: Слово, 2001. -508 с.

⁸ Брайан Г. Конкуренция в банковской сфере. - М.: Экономика и финансы, 1970.-428 с

The idea of “financial supermarket” and “financial boutique” as well as the inclusion of banks specializing in a narrow field among universal banks has become relevant. Loan capital market services, electronic services have become widespread, mergers and acquisitions of banks have increased. Famous studies in this regard include K. Fabri's “Banks in the Conditions of Market Economy Formation” (1991), D. Gentle's⁹ “Financial Services Industry” (1993), J. Sinki's¹⁰ “Financial Management in Commercial Banks” (1994), It is possible to mention works such as P. Rose's¹¹ “Bank management, provision of financial services” (1995).

A feature of the development trend of today's banking industry is the transition to conducting business electronically. This will lead to fundamental changes in the structure of banking markets, while at the same time it will be able to change the ratio between different forms of risks faced by banks and even the nature of banking itself. The first fundamental research in this regard was conducted by the Basel Committee on Banking Supervision, which was established in 1974 under the Bank for International Settlements. A working group on electronic banking services was established by this committee. The reports “Cross-Border Electronic Banking Issues for Bank Supervisors” (2000) became the result of the activity of this group¹². Various aspects of this problem have been given considerable attention in the studies of other influential international organizations, namely the International Monetary Fund (IMF) and the Group of Ten (G10)¹³. Central banks and banking associations of developed countries, including the Federal Union of German Banks, studied these issues

⁹ Джентле Д. Индустрия финансовых услуг. - М.: Экономика и финансы, 1993. -284 с

¹⁰ Синки Дж. Финансовый менеджмент в коммерческом банке и в индустрии финансовых услуг. Пер. с англ./ Дж.Синки. - Москва: Альпина Бизнес Букс, 2007. - 1018 с.

¹¹ Роуз П. Банковский менеджмент, предоставление финансовых услуг. - Москва: Дело, 1995. -438 с.

¹²Electronic Banking Group Initiatives and White Papers. - Basel Committee for Banking Supervision. - Basel, October 2000. - 27 p.

¹³ <http://www.bis.org> sayti ma'lumotlari asosida tayyorlangan.

and published “Studie zum Internet-Online-Banking/E-Commerce” (2000)¹⁴, “E-Commerce als Bankdienstleistung” (2000)¹⁵ and presented the results in their scientific lectures.

A banking product is a set of interconnected services and operations aimed at meeting the needs of customers in separate types of banking activities through a banking service. A banking product is understood as a complex of interconnected services and operations with a form that is perceived as intended for sale in the financial market of a bank, that is, a banking product is built as a result of a banking operation, while a banking service, when conducting banking operations, becomes a satellite to it.

The banking service helps to perform banking operations at an optimal level, and the developed and sold banking services together with banking operations create a banking product.

Modern banking services currently used in world practice are divided by their nature into credit, operational, investment services, in addition, there are factoring services, leasing services, trust operations services, consultation - consulting services and information services.

In his work, A.N. Ivanov classifies bank services according to a number of criteria characterizing the features of providing them to customers as following¹⁶:

a) Orientation to satisfy customer needs

- direct services - payment services, commercial services and investment services;

- indirect services - clearing services, account management services by phone, consultation - consulting services, plastic card services based on deposit account numbers;

¹⁴ <http://www.bis.org> Studie zum Internet-Online-Banking/e-Commerce // Electronic banking from a prudential supervisory perspective. - Deutsche Bundesbank Monthly Report, October 2000. - 58 p.

¹⁵ <http://www.elsevier.com/locate/jie> Federal Association of German Banks (Bundesverband deutscher Banken), E-Commerce als Bankdienstleistung, Daten, Fakten, Argumente, - October 2000. - 34 p.

¹⁶ Иванов А. Банковские услуги: зарубежный и российский опыт. М.: Финансы и статистика, 2012

- banking services, reducing overnight costs or providing additional income when concluding transactions under the guarantee of the Export Credit Agency;

b) Segmentation by customer group.

Bank services and products are divided into the following levels based on the level of difficulty:

1st level services - products and services required by many customers (account opening, cash management, clearing services);

2nd level services - services and products that require special training of bank employees (asset management, investment services);

3rd level services - services requiring professional knowledge in the field of use (services in the field of corporate financing, management of mixed assets);

4th level services - services requiring special skills (financial planning services, financial engineering services).

Currently, the concept of modern banking services is directly related to remote management of services based on modern technology equipment.

Remote banking service is a set of services that allow customers of the bank to carry out the necessary operations by connecting through various means of communication without going to the bank office. The development of remote banking services has led to the emergence of various services of a new size and a new form in the banking services system. It has become natural for remote banking services to be implemented directly using electronic means. As a result, a new definition of electronic banking began to be used for all remote banking services.

There are the following types of electronic banking:

Bank-Client is a computer system in which a special program is installed on the client's computer. This program stores all customer information (mainly payment documents and account statements) on the computer. Directly through

a modem between the bank and the client's computer - the correct connection is made.

Internet banking is a system that allows customers to manage their deposit accounts, including those opened for plastic cards, via the Internet. This type of service is a system designed for making payments in real time while the client is connected to the bank remotely. The user accesses the system through a web browser. The Internet banking system is hosted on the bank's web server. The user has the opportunity to review all his information (payment documents and account statements) on the bank's website.

Through the Internet banking service, the client can:

- transfer of payments;
- monitoring the stages of payment;
- provides access to all operations at any time, such as receiving all reports.

Through Internet banking, the client can connect to the bank's website from his workplace and see the money coming into his account, prepare money transfers and send them to the bank.

On the legal side, the concept of Internet banking in a broad sense is to facilitate the task of a bank employee and allow the client (legal or natural person) to remotely access and manage his account, to make it possible to use the implementation of various transactions by various organizations in commercial banks in the current real-time mode connected to the internet.

In a narrow sense, Internet banking is a modernized form similar to the Bank-client system operating through the Internet. Legally, electronic payments are a special service that enables remote payments and information exchange between the bank and the client.

Mobile banking is management of bank cards or account numbers through pocket computers, communicators and smartphones. Online works allow you to work with all types of financial documents. It also enables teamwork by

including an encryption mechanism and an electronic digital signature (EDI). Mobile-banking works around the clock, implementing the concept of “Bank in the palm of your hand”, providing fast and fully functional use of the spectrum of electronic banking services. We can observe that this type of service is developing all over the world, especially in recent years.

In particular, the number of banks actively offering this type of service in our country is increasing year by year, and the number of customers is increasing day by day. In particular, the open joint-stock-commercial bank with the participation of foreign capital “Hamkorbank” has introduced a very convenient Mobile-Banking service for smartphones running on the basis of modern Android software.

Phone-banking is a program for accessing bank accounts and cards by phone. Through this service, it is possible to find out information about current balances, a statement to a fax for a certain period, to top up or block a card account, telephone bills, etc. When using phone-banking, the customer calls the given number and switches the phone to voice mode after connecting. Following the instructions of the voice menu and selecting the appropriate item, the client will have the opportunity to receive the necessary information in the form of a voice message or a document by fax.

Video banking is a video conference, that is, a system of interactive communication between a bank employee and a client. A device known as a "Kiosk" (shop) is usually used in video banking. This device with a touch screen allows the client to access various information, and at the same time, it is possible to have a live conversation with a bank employee and perform any operation. This device is installed in supermarkets, universities and other crowded places, not at home. Usually, kiosks are installed together with ATMs (ATM-Automatic teller machines). This type of service requires some cost and good quality internet connection or network conditions.

Web-banking is a simplified form of Internet-banking, which does not have an electronic digital signature (EDI) mechanism, and is designed to provide access to bank cards and account numbers via the Internet and through any Web browser.

SMS-banking - access to bank cards and account numbers using SMS. In this type of service, it is possible to receive information about current balances, movement of funds on accounts and cards, account statements in the form of SMS messages. The client can set up sending of SMS messages independently through Internet-Banking and PC-Banking. The first versions of this type of service were used in the United States.

The English bank First Direct (1989) was the first to offer banking services only by phone. It should be noted that this is the first time in the history of banking that a bank providing services only by telephone has appeared, because this bank did not have a single branch.

Conclusion. The number of services of banks, which are considered the main branch of the economic system, is increasing day by day. The availability of the possibility of remote implementation of traditional banking services ushered in a period of new modern services for banks. Modern banking services currently used in world practice are divided by their nature into credit, operational, investment services, in addition, there are factoring services, leasing services, trust operations services, consultation - consulting services and information services.

A remote banking service is a set of services in which it is possible to carry out the operations necessary in harmony by contacting through various means of communication that allow the bank's customers to carry out without going to the bank office.

The following types of electronic banking are available: Internet banking, Mobile Banking, Phone Banking, Video Banking, Web Banking, WAP Banking, SMS Banking, RC Banking.

A number of banking products and services of banks can be distinguished from retail banking services. According to scientists, personal accounts among them are operations on numbers, lending, bank cards, various transfers, work with safe yachts, work with precious metals, work with foreign currency and preferential service on utilities.

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