



MECHANISMS FOR INCREASING THE COMPETITIVENESS OF CREDIT ORGANIZATIONS IN THE BANKING SERVICES MARKET

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ABSTRACT

This article describes the mechanisms of increasing the competitiveness of credit organizations in the market of banking services, the need to improve convenience and efficiency for customers. Also, the customer –client relations are analysed.

Keywords

banking services, credit organizations, digital banking services, online payment systems, consumer loans, mortgage credit, mortgage and investment products, financial institutions.

Introduction. Improving the competitiveness of credit organizations in the banking services market of Uzbekistan includes strategic initiatives aimed at improving efficiency, customer satisfaction and innovation. It is necessary to invest in modern banking technologies such as digital banking platforms, mobile banking applications and online payment systems. This increases convenience and efficiency for bank clients. Digital banking platforms began to appear in Uzbekistan in mid-2010. However, their large-scale application and significant development have become more evident in the last few years up to 2022. As part of a large-scale effort to modernize the banking sector and improve financial inclusion, several banks in Uzbekistan began to offer digital banking services. These platforms are aimed at improving customer comfort and efficiency, reflecting global trends in the financial industry towards digitization and technology-based banking services. Online payment systems have enabled individuals and business entities to make electronic payments for various goods and services, including utilities, telecommunications, e-commerce transactions, etc. The introduction of online payment systems served to modernize the country's financial infrastructure and facilitated the transition to a cashless economy.

Materials and methods. First of all, meet the diverse needs of customers, it is necessary to expand the offered banking products and services. This can include



consumer loans, mortgages, investment products, insurance services. "A Bank loan has many advantages over other forms of credit, and a business entity can apply to the bank for a loan at any time and at an appropriate time." In connection with Uzbekistan's transition to a market-oriented economy in 2000, consumer loans, mortgages and investment products began to appear in the financial market. However, their development and availability were initially limited due to the emerging nature of the financial sector and regulatory constraints.

To meet the diverse needs of customers, it is necessary to expand the offered banking products and services. This can include consumer loans, mortgages, investment products, insurance services. "A Bank loan has many advantages over other forms of credit, and a business entity can apply to the bank for a loan at any time and at an appropriate time." In connection with Uzbekistan's transition to a market-oriented economy in 2000, consumer loans, mortgages and investment products began to appear in the financial market. However, their development and availability were initially limited due to the emerging nature of the financial sector and regulatory constraints.

Consumer loans, including personal loans and vehicle financing, began to become more widely available as the banking sector of Uzbekistan began to liberalize and diversify its offerings. These loans allowed individuals to obtain loans for various purposes, such as purchasing consumer goods, financing education, or covering medical expenses. "The initial stage in the procedure for issuing a loan is the appeal of the borrower with a petition based on the authorized bank for lending."

Mortgage loans, which allow individuals to buy housing by borrowing from financial institutions, also began to gain wide popularity in Uzbekistan during the same period. However, the mortgage market experienced relatively slower growth compared to consumer loans due to factors such as limited housing provision, underdeveloped real estate markets, property rights, and collateral problems. On October 14, 2022, the resolution of the Cabinet of Ministers of the Republic of Uzbekistan "on measures to simplify the processes of allocation of subsidies for mortgage lending to the population and the purchase of housing " was adopted. As of December 1, 2022, the following have been established according to this decision:

First, the composition of commissions for the selection of subsidized applicants is approved, from which the head of the district (city) Department of the agency for Youth Affairs and the director of the district (city) employment assistance center are issued;

Secondly, the procedure for reviewing (evaluating) the application for a subsidy by the Centers for employment assistance, territorial departments of the state Cadastral chamber, district (city) departments of the Youth Affairs Agency



and the district (city) administration is canceled. In this, the information of these organizations "subsidiya.idm.uz" is formed automatically through the software;

Thirdly, within the framework of the social criteria for identifying citizens in need of housing in order to allocate subsidies, the following are included in the category of certain persons in need of social protection:

young families, including citizens under the age of 30;

specialists with higher education and (or) medical personnel who come to budget organizations located in remote and remote areas to carry out labor activities from other regions.

As a result of the development of capital markets of Uzbekistan, investment products began to appear, including pay funds, securities and pension funds. The government and regulators implemented reforms aimed at promoting investment activism and encouraging the participation of both domestic and foreign investors in the country's financial markets.

In order to better understand and serve customers, it is necessary to introduce customer relationship management systems. Personalized services, targeted marketing campaigns, and active customer support can significantly increase customer satisfaction and loyalty.

The implementation of customer relationship management systems in the economy of Uzbekistan has developed rapidly in such areas as banking, telecommunications, retail and service. While reforms and modernization work were carried out in the economy of Uzbekistan, the business recognized the importance of effective customer relationship management to improve the processes of sales, marketing and customer service.

Initially, Customer Relationship Management Systems in Uzbekistan were carried out mainly by large enterprises and transnational corporations operating in the country, which had the resources and technical capabilities to deploy such solutions. These systems have helped organizations monitor customer interactions, manage sales pipelines, and analyze customer data to better understand their needs and preferences.

Over time, the use of Customer Relationship Management Systems has expanded to encompass a wider range of businesses, including small and medium-sized enterprises, as the technology has become more accessible and cheaper. Local and international software vendors began to offer solutions of customer relationship management systems tailored to the needs of the Uzbek market, taking into account factors such as language support, customization options, and compliance with local regulations.

Today, Customer Relationship Management Systems are widely used in various sectors of the economy of Uzbekistan and play a decisive role in customer



satisfaction, loyalty and retention. These systems allow businesses to provide personalized services, make targeted marketing campaigns more efficient, and regulate internal processes to attract customers and improve relationship management.

In order to increase operational efficiency and reduce costs, it is necessary to optimize internal processes and procedures. Automation of routine tasks, digitization of documents and workflow management systems help to simplify operations.

The document digitization management system in Uzbekistan has begun to gain popularity in recent years, in particular for the government's efforts to improve efficiency through initiatives to modernize and digitize administrative processes.

One of the important steps in this regard was the introduction of the "E-Government" (e-government) system in Uzbekistan, aimed at simplifying public services, improving the accessibility of citizens and business entities through online platforms. On March 14, 2023, a resolution of the Cabinet of Ministers of the Republic of Uzbekistan was adopted on measures to organize the activities of the data processing center of the "E-government" system. In accordance with this decision, the main tasks of the data processing center of the "E-government" system were established:

- placement and maintenance of information systems of interested government bodies and organizations;
- Ensure uninterrupted operation, maintenance and processing of State Information Systems related to the infrastructure of the "e-government" system;
- in cooperation with the state bodies responsible for ensuring information and cybersecurity, to ensure that the information systems of the state bodies and organizations placed and maintained in the data processing center of the "e-government" system operate in accordance with the requirements of information and cyber security;
- introduction of new types of services for public bodies and organizations based on cloud technologies.

These digitization efforts include the implementation of document circulation systems to facilitate electronic processing, storage, and search for official documents. While the exact dates for the implementation of document digitization management systems may vary depending on specific initiatives and projects, the broader trend of digital transformation is increasingly evident in administrative processes starting in Uzbekistan. During this period, a concerted effort was made towards the modernization of public services and the adoption of digital technologies to increase efficiency and transparency in various industries. It is also



necessary to strengthen risk management practices to minimize credit, market and operational risks. The introduction of effective risk assessment tools, credit scoring models and a compliance system is essential to maintain financial stability and confidence.

It is important to maintain transparency in the terms of prices, banking products and services. Clear communication strengthens trust between customers and helps a positive reputation in the market. At the same time, in order to improve the skills and knowledge of employees, it is necessary to invest in their training and development. In order to provide high-quality services and develop innovations in the organization, a skilled labor force is necessary.

As noted by the President of the Republic of Uzbekistan Shavkat Mirziyoyev, “we are interested in developing cooperation with international financial organizations on issues of improving the investment and practical environment, improving the credit rating of our country, improving foreign exchange-credit policy, improving the skills of national specialists in the field of banking and finance”. It is necessary to cooperate with Fintech companies, other financial institutions and non-banking organizations to take advantage of their experience, technology and customer base. Strategic cooperation can facilitate access to new markets, technologies and innovative solutions. It is also important to train customers in financial literacy, banking products and responsible borrowing. Strengthening customers with knowledge allows them to make informed decisions and strengthens their financial well-being. Increasing customer financial literacy in Uzbekistan has been a gradual process over the past few decades.

In addition, the Government of Uzbekistan is implementing various initiatives and programs aimed at improving the financial literacy of citizens. These efforts include development of training materials, workshops, and campaigns to raise awareness of financial issues and give individuals the right to make conscious financial decisions.

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Conclusion. In general, while increasing financial literacy in Uzbekistan is being implemented in stages, the joint efforts of state and non-governmental organizations have played a decisive role in the development of financial education and the expansion of opportunities for individuals to more effectively manage their finances. It is also important to be aware of regulatory changes and comply with banking laws and regulations. Compliance with regulatory standards not only



reduces legal risks, but also increases trust in the eyes of customers and stakeholders.

In short, by implementing these strategies, credit organizations in Uzbekistan can increase their competitiveness, expand their market participation and better serve the changing needs of customers in the field of banking services.

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