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THE MAIN TRENDS IN THE DEVELOPMENT OF MODELS OF TRANSFORMATION OF COMMERCIAL BANKS IN UZBEKISTAN

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Abstract

Keywords: *Digital economy, information technology, commercial banking transformation, business model, fintech company, corporate culture, operating model, development strategy, offline activities.*

In this article, customer-oriented banking business models of bank transformation in the digital economy were analyzed. Based on the practice of commercial banks of our country, a proposal was made regarding the implementation of appropriate business models in them.

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INTRODUCTION

The development of concepts of banking activity originated in economically developed countries and is based on meeting the needs of customers for banking services on the basis of technological progress. This principle is called the customer-centric model by Western banks, and it implies the creation and organization of all business processes of the bank around (or "through") the customer. Banks of our country are required to adapt to the Bank 3.0 and Bank 4.0 concepts of world standards and to transform the banking service model in order to increase their competitiveness in the financial market.

LITERATURE REVIEW

It is also a complex system in terms of the number of structural divisions of the bank, types of banking activities and the number of links between them. The banking system has the following features:

- integrity. The integrity of the bank as a system is related to the economic and technological totality of the production of banking products and services.

- mutual open relations with the external environment. The bank is an open system that is in close contact with the external environment and is under its direct (local external environment) or indirect (global external environment) influence;
- dynamism. Change (transformation) of the bank into a single system, development;
- self-regulation. The bank is a self-regulating system that can adapt within certain limits to internal and external changes.

The development of concepts of banking activity originated in economically developed countries and is based on meeting the needs of customers for banking services on the basis of technological progress. This principle is called the customer-centric model by Western banks, and it implies the creation and organization of all business processes of the bank around (or "through") the customer. Banks of our country are required to adapt to the Bank 3.0 and Bank 4.0 concepts of world standards and to transform the banking service model in order to increase their competitiveness in the financial market. The new model suggests a complete revision of the bank's value chain (see Figure 1) [1].

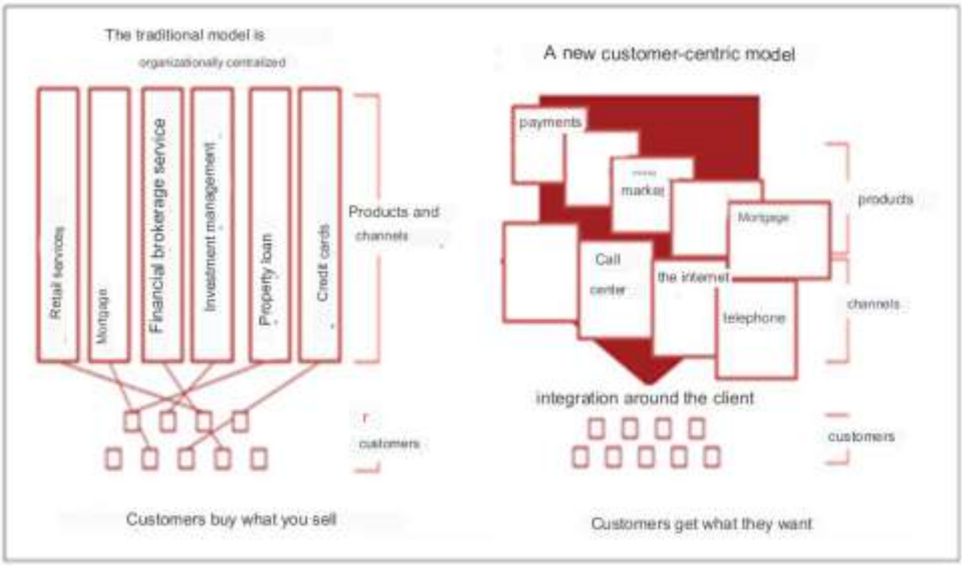

Figure 1 - Comparison of organization-oriented and customer-oriented banking business models

In this figure 1. shows a comparison of organizational-centric and customer-oriented models of building a banking business.The customer-oriented management model is currently used not only by companies in the financial sector, but also by commercial enterprises in general. Let's look at the main rules of this customer-oriented concept.In the context of the digital economy, many banks prioritize the transition to a customer-oriented business model in their strategies, i.e. full satisfaction of the client's needs is at the center of the entire activity of banks[2].

Banks used to improve the quality of their services and attract new customers by developing new products. It is no longer possible to develop only by improving quality, so the main goal of bank management at the moment is to recognize the needs of customers and then develop appropriate products that satisfy them.

Analysis of customer requirements is at the forefront of bank strategy development, because changes in the external environment cannot be predicted, but the general trend is clearly observed in the behavior of consumers. Involvement of consumers themselves in the creation of necessary products and services is the pinnacle of the bank's strategic development and innovative business model.

Nowadays, consumers of financial services are much more aware of the advantages of competitors and their needs are very high. As for the first factor, a new concept was even introduced by the economist Gabler - "Homo economicus", that is, a person with "extremely rational behavior", who sets maximum demands on the quality of services provided to him [3]. Critics of this theory, on the contrary, talk about the unreasonable demands of customers on bank marketing and the desire to simplify the choice of their counterparty. However, Goldberg and von Nietzsche distinguish a feature of consumer behavior that combines the two concepts today: "Information is spreading so fast that everyone can have it, but this does not guarantee its perfect use" [4].

At this point, it should be noted that attracting customers to the innovative processes introduced in the bank still remains a problem. Marsden cites four "F's" that describe what the consumer needs [5]. Fame, Fortune, Fulfillment and Fun. All these concepts are united by the desire of a person to express his creativity and individuality, which is necessary for the bank as unlimited resources of the innovative type. Thus, if banks used to operate in a simple scenario - traditional management principles and classical advertising through TV, radio, newspapers and magazines, now they are operating in a world where offline activities are immediately reflected online. Therefore, it is necessary to maintain a constant level of customer loyalty in these two areas. In addition, the level of traditional services is proportional to the level of cash usage. As we can see, reducing the amount of cash in circulation remains the need of the hour. For this, banks need to transfer their operations to the virtual space, reduce traditional offices and create virtual offices, strengthen new service areas. Thus, banks need to develop appropriate technologies to support the innovative processes of the digital economy based on their interaction strategies with, for example, supermarkets that make cashless payments. In addition, they need to look for new ideas to meet the demands of their customers.

Nevertheless, according to economists, activity in the banking market of our country to develop this direction is very weak. In our opinion, the risk of being excluded from the payment process, on the other hand, as there are many opportunities to expand distribution channels, the majority of bankers are still indifferent to this. According to A. Mamontov, this situation is connected with the fact that the transformation processes in the historically conservative and established sector, such as banking activities, are responding to some resistance that can be felt before any changes of such magnitude. At the same time, he believes that transformation is necessary for survival and is a feasible task for banks due to technological progress [6].

Except for "Hamkor" bank, Small and medium-sized banks are lagging behind global trends. Their digitalization policy does not meet the requirements of the times, which indicates the shortcomings in the strategic planning of the banks.

In the context of the digital economy, the feasibility of using a customer-oriented model is related to the fact that banks reflect the level of satisfaction of customer needs and, therefore, show how effective its strategy is. Therefore, we agree with A. Mamontov's opinion that evaluating the results of banking activity based only on financial indicators is a strategic mistake [7].

The profitability of a customer-oriented bank should be seen as the result of its effective work with customers. Thus, regular customers are the most valuable asset of the bank and provide stable profit in the future, while the profit obtained at the end of the previous period shows the efficiency of its activity in the previous period.

In addition, according to the experience of Western banks, an important element of success is the establishment of cooperative relations with the client in the region, because the number of clients is not as important an indicator as the establishment of close relations and a clear understanding of their needs. The trust of existing customers in the bank determines its reputation. The bank's reputation is the main criterion for its customers.

Research conducted by consulting firm PwC on organizations in North America and Europe found that the secret of successful companies adapting to the digital environment is a personalized approach. The results of the study show that its implementation gives good results in cost control. It is these two components that are combined in their practice by the leading companies that make 5-10% more profit than their competitors in the network [8]. For example. Booz Allen even developed its own technology to achieve increased personalization and lower costs: the company's Tailored Business Streams (TBS) method involves the use of low-cost processes to ensure the production and sale of homogeneous and sustainable products. According to the company, the implementation of the method in the Bank of America practice led to a 50% increase in customer satisfaction.

Banks were among the first to show increased efficiency due to the implementation of mass personalization, which solves the problem of combining two effective mechanisms for increasing profits. In particular, it is worth mentioning the Citipro (Citipro) program, which is a financial planning tool of Citibank and is adapted to each client by a bank employee. According to it, customers are offered personalized financial solutions based on the analysis of information about accounts, insurance, taxes. By launching the program, Citibank significantly increased the average number of products per bank customer [8].

In many management models, there are limitations between the authority of management employees who have the right to dispose of bank funds and the employees who interact with customers. However, the practice of banks shows that in modern conditions, giving front office employees the authority to make certain management decisions (for example, to compensate customers for inconveniences and other problems caused by the bank) makes it possible to solve customer problems immediately and leads to positive results. .

Thus, the customer-oriented model is based on the idea that since the source of the profit received by the bank is the customer, it builds all processes around the satisfaction of his needs. In order to provide better service to the client within the scope and functionality of the management models, the cooperation of the bank departments is not well established, so it is necessary for the bank to completely restructure its entire concept when switching to this model. In the proposed new structure of the organization of retail banking services, it is possible to mention the training program for universal managers and cashiers. brought, that is, the provision of retail banking services was adapted to customers.

In particular, in the current conditions, the transformation of banking activities in order to increase work efficiency will reduce banking costs based on new technologies, which in turn will help to compete with fintech companies in the market. However, when introducing new technologies, banks face a new problem, it should be noted that they cannot work within the framework of the new concept using old management and operational models. This is Lobas A. as noted [9] shows that existing banking models (including business building models, management systems and operational models) are not suitable for large-scale digital transformation.

According to some authors [10], considering digitization as the main trend, they propose a transition to the 3.0 banking model. But at the same time, they emphasize that it is not about the strategy of going online, but about changing the entire business. Digital transformation means a complete change of the development strategy, management system, organizational structure and corporate culture, as well as the emergence of completely new types and methods of carrying out activities, reformatting of existing business processes. Therefore, digital transformation is much broader than automation, which involves introducing innovative technologies into your business.

Based on the above, we agree that it is necessary for commercial banks to take an integrated, systematic approach to the transformation of their activities. To achieve these goals, the following models are widely used in management and consulting.

The standard model is a set of descriptions of schemes, practices, decisions and documents related to the bank's activities as a whole or the activities of its individual units, business processes, management system. Thus, the standard model summarizes and systematizes the experience of the bank (banks) and is a knowledge base [11]. In addition, there is a concept of a reference model, which is a model created on the basis of expert opinion of leading consulting and commercial organizations as a set of necessary processes in an organization, regardless of network affiliation. It is a generalization of advanced international experience of business management in various fields of economic activity.

Speaking about the method of transformation of the bank, the experts of the company "Ernest Young" say that when faced with the impact of changes in the external environment on their organization, the owner turns to a professional consultant who helps to identify the existing problems in the company, and talks with the business owner to get an idea of the situation they want to come to.and makes a plan to achieve the optimal position of the specified bank. To simplify this process, the consultant uses a standard model of the organization's activities (see Figure 2).

In the Figure2 shows the bank's transition from the Bank 2.0 concept, which most domestic banks have, to a standard model based on the Bank 3.0 concept. As we can see, the process of transformation takes place through the local environment of the bank.

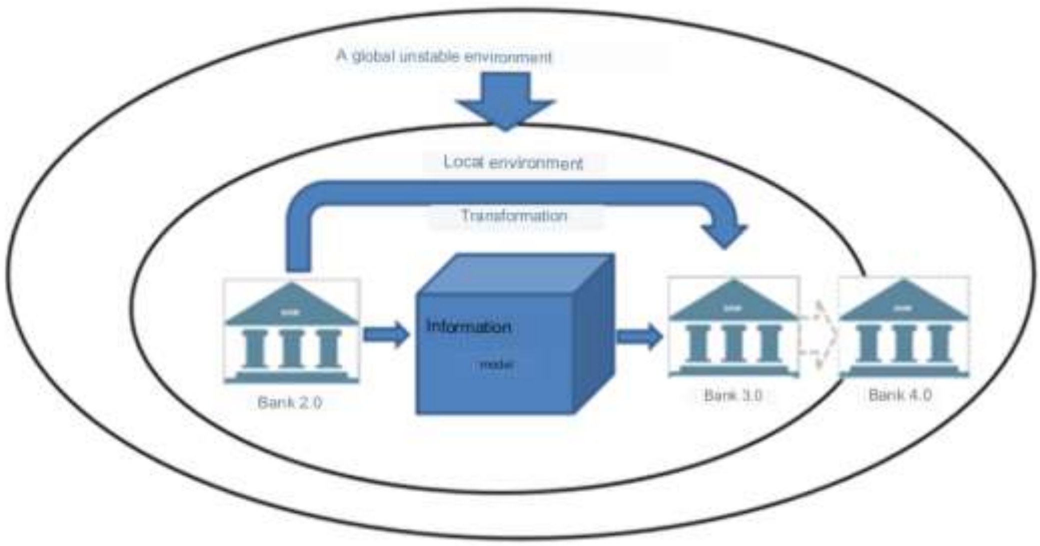

Figure 2. - Changing the concept of banking under the influence of STS using reference models Source: compiled by the author

From the point of view of practical bank management, according to the methodology of R.A. Isaev, the author of the book "Bank Management and Business Engineering", when making changes to the bank (change management), for example: the efficiency of its work, first of all, the comprehensive business model "as is", then A complex business model "as needed" is developed, followed by a plan to transform one model into another [12]. In turn, when developing complex business models, it encourages banks to use their proprietary model (reference) integrated business model. In our opinion, Isaev R.A. "sustainable and long-term development of the bank" justifies itself as a methodology, but since we are talking about the transformation of the bank under the influence of the digital economy, we need to find another reference model of the bank. we are required to form a unique transformation methodology.

RESEARCH METHODOLOGY

In connection with the above, the transformation of banking activities to IFRS is increasingly used and recognized worldwide. Some countries even use IFRS unchanged as their own standards when transforming, while some states make some changes based on the specifics of the country. The transformation of the international accounting system in commercial banks is important for the proper organization and maintenance of accounting in the banking system of the Republic of Uzbekistan. To do this, employees of this department of the bank responsible for accounting and financial reporting of commercial banks must have sufficient knowledge and understanding of the basic principles and methodological foundations of accounting and financial reporting based on IFRS.

CONCLUSIONS AND SUGGESTIONS

We see that these aspects are also reflected in the transformation of financial statements. Since they establish the basic rules for the preparation of financial statements, and these rules emphasize the quality of financial reporting indicators, the general principles of the preparation process and the technical principles for the preparation of financial statements. Thus, during the transformation, the role of these elements in the formation of financial information was clarified. We came to the conclusion that the main purpose of financial accounting and reporting is to create an information system for market participants to assess the performance of commercial banks, their financial condition and changes in it. The main aspect of the study is to determine the main directions of enriching reporting data to study the information capabilities of financial reporting and fully meet the needs of information users in the transformation.We believe that in the conditions of the digital economy, commercial banks should have an integrated, systematic approach to the transformation of their activities. To achieve these goals, the standard model is widely used in management and consulting.

The standard model is a set of descriptions of schemes, practices, decisions and documents related to the bank's activities as a whole or the activities of its individual units, business processes, management system.

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