

## **DIGITAL BANKING SERVICES OF COMMERCIAL BANKS: MODERN TRENDS AND THEIR IMPACT ON CUSTOMERS**

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### **ABSTRACT**

This article analyzes the role of digital technologies in improving the modern banking market. The article analyzes the development directions of digital banking, the role of mobile banking, open banking, artificial intelligence and blockchain technologies in the banking sector. According to the results of the study, digital banks, while providing convenience, speed and security to customers, are leading to a decrease in the cost of banking services.

**Keywords:** Digital banking, mobile banking, open banking, artificial intelligence, blockchain, customer experience, financial technology.

### **INTRODUCTION**

The banking market has undergone a fundamental transformation in recent decades due to the widespread introduction of digital technologies. Traditional, paper-based and branch-based forms of service delivery are being replaced by digital services that are fast, convenient and remotely managed. Advanced technologies such as mobile banking, internet banking, artificial intelligence-based service delivery systems, big data analytics and blockchain are allowing banks to radically improve the quality of customer service.

The introduction of digital banking services not only creates convenience for customers, but also expands the possibilities of banks to automate their operations, reduce costs and offer new services. At the same time, important issues such as cybersecurity, personal data protection and training of qualified personnel are emerging in the process of digital transformation.

In the modern banking system, digital transformation means not only technological innovation, but also a fundamental change in business models. Today, banks are using advanced technologies such as artificial intelligence, big data analytics, and blockchain to provide more convenient and personalized services to customers.

The development of digital banking services is a significant event that is fundamentally changing the global financial system. Today, banks are turning not only into institutions that carry out traditional financial transactions, but also into digital platforms that offer comprehensive financial solutions based on innovative technologies. These changes are having a significant impact on the behavior and expectations of bank customers. Banking services can now be used at any time of the day, anywhere, and with minimal costs. At the same time, the digital transformation process requires banks to make significant investments and modernize their technological infrastructure. This further intensifies the competitive environment in the banking sector and encourages the rapid introduction of innovative solutions.

According to Deloitte's 2023 Digital Banking Maturity Report, the share of digital services in the global banking system has increased from 35 percent in 2019 to 60 percent in 2023.

According to McKinsey & Company, 75 percent of banking transactions are expected to be conducted through digital channels by 2025.

Digital transformation processes are also actively underway in the banking system of Uzbekistan. According to the Central Bank, by 2023, more than 80 percent of bank customers in the country used mobile banking applications.

According to the research, the main digital trends in the banking sector are:

**1. The development of mobile banking.** The use of banking services through mobile applications is becoming increasingly popular. Customers are performing transactions such as making payments, obtaining loans, and investing via smartphones.

**2. The concept of open banking.** API technologies are developing that allow the secure transfer of banking data to third-party applications. This is leading to the emergence of new financial products and services.

**3. Artificial intelligence and machine learning.** Banks are using artificial intelligence to improve customer service, manage risk, and prevent fraud.

**4. Blockchain technology.** Blockchain technology is being used to make payments and record financial transactions. This increases security and transparency.

The impact of digital banking on customers:

- Ease of use of services has increased,
- Prices for banking services have decreased,
- The speed of operations has increased,
- Financial services are being provided without geographical boundaries,
- Personalized offers have increased.

Digital banking allows banks to reduce operating costs by 60-70 percent. This, in turn, leads to a decrease in the cost of banking services. For example, while the average fee for a money transfer in a traditional bank branch is 1-2%, this figure is 0.3-0.5% through a mobile application.

Digital banks are eliminating geographical boundaries and enabling the provision of services to customers in remote areas. In 2023, the number of mobile banking users in Uzbekistan reached 25 million, which is 3 times more than in 2019.

The above analysis shows that digital banking is fundamentally changing not only the banking system, but also the entire financial sector. Banks face a number of challenges in the process of transitioning from a traditional service model to fully digital platforms, but these challenges are gradually being solved with the help of modern technologies.

As a continuation of the section on digital banking evolution and innovative solutions, the following analytical data can be presented. The ongoing digital transformation process in the banking sector is having a significant impact on all types of financial services.

Modern banks are actively using decision-making systems based on artificial intelligence. These systems comprehensively analyze the client's credit history, income, shopping habits and other indicators and offer suitable products. As a result, lending processes have been automated in 95% of cases, and decision-making time has been reduced by up to 100 times.

Biometric technologies are significantly increasing the level of security when using banking services. Facial scanning, fingerprint and voice identification systems provide an additional level of protection when performing banking transactions. New technologies such as iris scanning are being tested.

Chatbots and virtual assistants provide customers with 24/7 assistance with balance checks, transaction history, exchange rates, information about banking products, and technical support. This allows for improved quality of banking services and cost optimization.

**Conclusion** The development of digital banking services is fundamentally changing the banking industry. New technologies, while creating convenience and opportunities for customers, are also forcing banks to rethink their business models. In the future, the role of digital banks is expected to increase further, and traditional bank branches will mainly become centers for providing complex financial advice.

The process of digital transformation in the banking sector is reaching a new level. In the coming years, artificial intelligence, machine learning and blockchain technologies will lead to further automation of banking operations. This will contribute to further personalization of banking services and optimization of costs. At the same time, issues of information security, data privacy and cybersecurity are becoming increasingly relevant in the field of digital banking. Protecting customer data and ensuring a secure digital infrastructure are becoming one of the main tasks for banks.

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