

RETAIL PAYMENT SYSTEM OF BANKS THE NEED AND IMPORTANCE OF DEVELOPMENT

Nomozov Rovshan Ergashkulovich

Master's student of the Academy of Banking and Finance. E-mail:

rovshannomozov8@gmail.com

ORCID:0009-0003-4329-9196

In recent years, Uzbekistan has been implementing significant reforms in the digitalization of the banking system, including the expansion of retail payment services. Retail payments are mainly made through mobile applications, Internet banking, POS terminals and QR codes. This is increasing the level of access to financial services for individuals and small businesses. According to the Central Bank, in 2023 the number of retail payments in the republic will reach 1.7 billion, which is 2.3 times more than in 2020. The share of national and private payment systems such as UZCARD, HUMO, Click, Payme in this growth is increasing significantly. This indicates an increase in digital financial literacy among the population and the introduction of innovative solutions by commercial banks.

Table 1 Indicators of commercial banks in Uzbekistan for main retail payment services

Type of service	<i>(in thousands)</i>		
	2021	2022	2023
Loans to individuals	150	180	210
Plastic card users	500	600	750
Internet banking users	200	250	300
Mobile application users	150	220	280

The analysis of the table shows that the number of users of mobile applications and Internet banking services has increased significantly during 2021-2023. These figures indicate that the demand for digital payment services is growing and that banks are meeting this demand.

Also, the level of use of plastic cards by the population reached 750 thousand in 2023, an increase of 50% compared to 2021. This serves to diversify sources of income for banks through payment commissions.



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Practice shows that the development of the retail payment system not only facilitates payment processes, but also has a positive effect on reducing the informal economy, limiting cash circulation, and increasing tax revenues.

The conducted analyses show that the effective functioning of the retail payment system of commercial banks is of great importance in accelerating the circulation of money in the country's economy, expanding the use of financial services, and increasing the efficiency of banks' activities. The introduction of remote payment instruments, Internet banking, mobile applications, and other digital solutions has significantly improved the level of access to financial services for the population and business entities. At the same time, the level of popularity of some forms of payment (letters of credit, collection, and payment orders) remains low, and the lack of well-developed infrastructure in the regions and the insufficient level of digital literacy remain relevant. In the interbank payment system, payment orders occupy a leading position, however, we believe that it is necessary to further expand the opportunities for the effective use of various forms. Based on the above-mentioned analyses, studies and conclusions, we have developed the following proposals for the development of the retail payment system in commercial banks:

It is necessary to expand the possibilities of providing digital payment services to the population by improving internet connectivity in remote and rural areas of the country, expanding the infrastructure of POS terminals and QR codes.

Commercial banks can encourage the use of forms such as letters of credit, collection and payment requests by informing the public about their advantages, security features and procedure for use.

It is necessary to increase the efficiency of settlements by diversifying and increasing the level of automation of the interbank payment system in the country. In this regard, it is recommended to widely introduce automated clearing systems, real-time payment platforms and intelligent monitoring tools.