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PROBLEMS RELATED TO THE DEVELOPMENT OF RETAIL BANKING SERVICES AND WAYS TO OVERCOME THEM

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Abstract

One of the priority areas of development of the modern banking system is to expand the customer base, improve the quality of services and accelerate the digital transformation of financial services, in particular, retail banking (retail) products. Increased competition in global financial markets, the widespread introduction of technological innovations and changes in consumer habits in using financial services require banks not only to offer new types of services, but also to improve existing ones. In this context, the quality and types of financial services provided to individuals directly affect not only the increase in the number of customers, but also the expansion of banks' sources of income and their competitiveness.

In particular, the development of digital technologies is taking retail banking services to a new level, which significantly increases the possibility of quickly delivering services to the population and creating convenience for customers.

The changes taking place in the banking sector and the transition of financial institutions to digital technologies are of positive importance not only for customers, but also for the development of the entire economy. However, as with any transformation process, the introduction of digital technologies is accompanied by certain problems, uncertainties and various questions. One of the important issues in this process is ensuring cybersecurity. As is known, no digital system is completely protected from hacking attacks or data theft. The problem of cybersecurity is complex in nature, and it includes

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unauthorized access to personal data belonging to legal entities and individuals, as well as fraud associated with online money transfers. Technological factors are of decisive importance in the development of retail banking services in the context of digitalization. In particular, the problems of ensuring cybersecurity and data protection directly affect the stable operation of the banking system. Insufficient information security increases the risk of leakage of customer data and reduces trust in the system. At the same time, technical difficulties in implementing digital technologies, incompatibility of old systems with new platforms, and insufficient infrastructure development slow down the transformation process. Problems with Internet speed and quality, in particular, negatively affect the efficiency of remote services.

Economic problems also serve as a significant obstacle to the digital development of the banking sector. The development and implementation of digital technologies requires high financial costs, which is a significant burden, especially for small and medium-sized banks. In addition, financial risks increase in the process of transition to new technologies, and the payback period for investments is often long. The automation process can lead to the reduction of some jobs and an increase in unemployment. At the same time, the lack of sufficient investment resources for digital transformation and the reduction in profit margins as a result of increased competition affect the development strategy of banks.

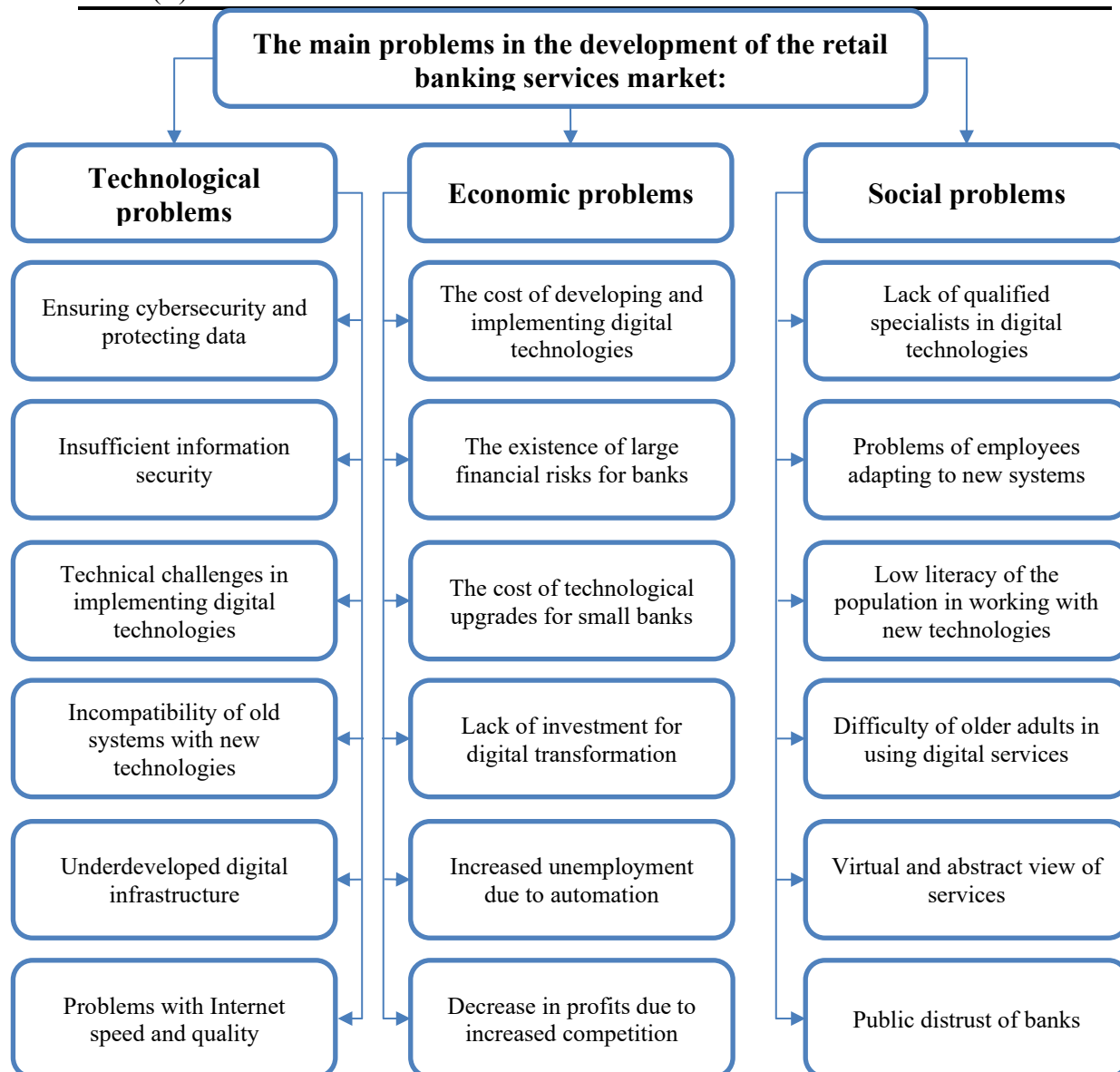


Figure 1. Key challenges in the development of the retail banking market

Social and personnel issues are also an important factor in the widespread introduction of digital banking services. The lack of qualified specialists in the field of digital technologies limits the effective implementation of innovative projects. The population's distrust of the banking system, as well as the virtual and abstract nature of services, reduce customer activity. In addition, the low level of digital literacy of the population, especially among the older generation, creates difficulties in using modern services.

The above factors also create certain problems in the process of adapting bank employees to new systems. The need to improve the skills of

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employees and provide them with digital skills is increasing. In this regard, measures aimed at developing human capital in the banking sector, introducing a continuous education system and strengthening customer trust are of great importance. In general, technological, economic and social factors are inextricably linked, and their comprehensive solution will ensure the sustainable development of the digital banking market.

In solving the above problems, it is important to expand the scope of digital services in the provision of retail banking services to customers, to increase the types of remote banking services aimed at the customer. Because the increase in the types of remote services and the widespread use of digital technologies in banking services, on the one hand, encourages financial institutions to constantly solve problems arising in the provision of digital services, and on the other hand, it develops the ability of customers to use these services and address emerging problematic aspects in them, and ultimately improves the quality of service.

Eliminating problems in the retail banking market is an important condition for the sustainable development of the modern banking system. Solving these problems requires an integrated approach, that is, it is necessary to harmoniously improve technological, economic and social factors.

First of all, ensuring cybersecurity is one of the priority tasks, and in this regard, the introduction of modern information security systems, the use of multi-stage authentication and biometric identification are important. Also, customer data can be reliably protected by regularly checking banking systems and strengthening preventive measures against cyber threats.

Technologically, it is necessary to modernize the banking infrastructure, adapt old software to modern digital platforms, and widely use cloud technologies. This will increase the speed and efficiency of services, as well as ensure the uninterrupted operation of banking operations.

From an economic point of view, it is important to develop innovative cooperation mechanisms, including strengthening cooperation with FinTech companies, to reduce the costs associated with the introduction of digital technologies. At the same time, effective investment management and early risk assessment are priority tasks for banks.

In solving social and personnel problems, it is important to train qualified specialists, improve the digital skills of bank employees, and improve the

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financial and digital literacy of the population. This will increase customer confidence in banking services and expand the level of use of digital services.

In general, the consistent implementation of these measures will help eliminate existing problems in the process of digitizing retail banking services, increase the competitiveness of the banking system, and bring the quality of services provided to customers to a new level.