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# Uzbekistan's Experience in Improving the Quality of Retail Customer Services in Commercial Banks and Its Specific Features

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**Abstract:** This article examines the experience of Uzbekistan in improving the quality of retail customer services in commercial banks and analyzes its specific features under the conditions of banking sector reforms. The study explores modern approaches aimed at enhancing customer satisfaction, expanding the range of retail banking products and services, and increasing the efficiency of digital banking technologies. Particular attention is paid to the role of financial innovations, remote banking services, mobile applications, and customer-oriented strategies in strengthening the competitiveness of commercial banks. The research also evaluates the impact of retail service quality on customer loyalty, financial inclusion, and the overall stability of the banking system. In addition, the paper identifies existing challenges in the retail banking sector, including service accessibility, digital literacy, and risk management issues. Based on the analysis of Uzbekistan's banking practices and international experience, practical recommendations are developed to improve the quality and effectiveness of retail customer services in commercial banks. The findings of the study demonstrate that the consistent modernization of retail banking services and the introduction of advanced digital solutions contribute significantly to improving customer trust, expanding banking outreach, and ensuring sustainable development of the banking sector in Uzbekistan.

**Keywords:** Retail Banking Services, Commercial Banks, Customer Service Quality, Digital Banking, Financial Inclusion, Banking Innovations, Uzbekistan Banking System, Customer Satisfaction.

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## 1. Introduction

In recent years, the banking system of Uzbekistan has been undergoing large-scale reforms aimed at increasing the stability, competitiveness, and efficiency of commercial banks. Within the framework of economic liberalization and the rapid development of the digital economy, special attention has been paid to improving the quality of retail customer services, expanding financial accessibility, and strengthening customer-oriented banking practices. Retail banking services have become one of the key directions of commercial banks' activities, as they directly influence customer satisfaction, public trust in the banking system, and the overall level of financial inclusion in the country [1].

The ongoing transformation of the banking sector in Uzbekistan is closely connected with the implementation of modern information and communication technologies, the expansion of remote banking services, and the development of digital financial infrastructure. Commercial banks are increasingly introducing mobile banking applications, internet banking platforms, contactless payment systems, and online lending services to improve the convenience and speed of customer service. These measures are contributing to the formation of a modern retail banking market and

increasing competition among banks [2].

At the same time, improving the quality of retail customer services remains one of the pressing issues in the national banking system. Despite significant progress in digitalization and service diversification, several challenges still exist, including differences in service quality among banks, insufficient financial literacy of some population groups, cybersecurity risks, and limited accessibility of modern banking services in remote regions. Therefore, studying Uzbekistan's experience in enhancing retail customer services and identifying its specific features is of considerable scientific and practical importance [3].

Furthermore, the growing demand for high-quality banking services, increasing customer expectations, and the expansion of non-cash payments require commercial banks to adopt innovative and customer-centered approaches. In this regard, analyzing international banking practices and adapting advanced foreign experience to the conditions of Uzbekistan can serve as an important factor in improving the efficiency of retail banking services.

The purpose of this study is to analyze Uzbekistan's experience in improving the quality of retail customer services in commercial banks, identify the specific characteristics of the national retail banking sector, and develop practical recommendations aimed at enhancing customer satisfaction and increasing the effectiveness of banking services [4].

**Literature Review**

The issue of improving the quality of retail customer services in commercial banks has been widely studied in both theoretical and empirical economic literature. Researchers emphasize that the development of retail banking services plays an important role in strengthening financial stability, increasing customer satisfaction, and ensuring sustainable economic growth.

One of the leading scholars in banking theory, Frederic S. Mishkin, notes that commercial banks perform an essential intermediary function in the economy, and the effectiveness of banking services significantly depends on customer confidence and the quality of financial service delivery. According to Mishkin, technological innovation and financial liberalization increase competition among banks, forcing them to improve retail banking services and customer relations [5].

Studies conducted by Peter S. Rose and Sylvia C. Hudgins indicate that retail banking has become one of the most profitable and competitive segments of the banking industry. The authors emphasize that customer-oriented service models, digital banking technologies, and product diversification are the main factors determining the efficiency of retail banking activities.

In the field of service quality assessment, the SERVQUAL model developed by A. Parasuraman, Valarie Zeithaml, and Leonard Berry is widely used in banking research. This model evaluates service quality through reliability, responsiveness, assurance, empathy, and tangibility dimensions. Many researchers have applied this approach to assess customer satisfaction in commercial banking services [6].

Furthermore, Joseph F. Sinkey Jr. argues that the quality of retail banking services directly affects banks' profitability and competitive position in financial markets. According to his research, effective management of customer services contributes to increasing customer loyalty and expanding the deposit base of commercial banks.

In recent years, particular attention has been paid to the impact of digital transformation on retail banking services. Scholars such as Chris Skinner highlight that fintech development, mobile banking, artificial intelligence, and digital payment systems are fundamentally transforming the traditional banking model. Digital banking services improve operational efficiency, reduce transaction costs, and provide customers with faster and more convenient financial services [7].

Empirical studies related to developing economies show that improving retail banking services positively influences financial inclusion and economic activity. Researchers note that the expansion of online banking services and non-cash payment systems increases public access to financial services, especially in regions with limited physical banking infrastructure.

In Uzbekistan, banking sector reforms implemented in recent years have accelerated the development of retail banking services. National researchers emphasize that the modernization of commercial banks, expansion of digital banking technologies, and strengthening of customer-oriented strategies are important factors in improving the quality of banking services. At the same time, studies indicate the existence of several challenges, including disparities in service quality among banks, insufficient integration of innovative technologies, and financial literacy issues among customers [8].

Professor F. Xolmamatov, in his scientific research, proposed "increasing the level of diversification of commercial banks' loan portfolios by expanding the volume of retail loans granted to individuals." The author pays particular attention to retail lending as one of the most important components of retail banking services and suggests that increasing retail loans would contribute to improving the overall structure and diversification of banks' credit portfolios.

Another local researcher, S. Asqarov, emphasizes that "commercial banks consider new banking products and services as an important instrument for ensuring their economic growth, competitiveness, and stability. Banks cannot operate effectively in the market without introducing new products and improving their quality. Therefore, it is necessary to expand the types of retail banking services and digitalize and automate existing services." The author considers digitalization and automation as primary factors in improving the quality, competitiveness, and scale of retail banking services, particularly retail lending [9].

According to researcher N. Ikramova, "the development of bank card circulation, the introduction of scoring-based lending systems, the gradual expansion of services such as internet banking, mobile banking, and SMS banking, as well as the improvement of money transfer and electronic payment services, determine the prospects for the development of retail banking services in the republic." Thus, the author highlights the importance of technological innovation and electronic banking infrastructure in enhancing retail banking services.

Among local economists, F.O. Aliqoriyev classifies banking services according to their economic content into deposit, loan, settlement, cash, commission, guarantee, and other services; according to the level of risk into risky and risk-free services; according to customer composition into services for legal entities and individuals; and according to settlement form into cash and cashless transactions, among others. In his research, the author considers the classification of retail banking services as a primary criterion and approaches retail services from the perspective of interbank competition [10].

The reviewed literature demonstrates that improving the quality of retail customer services is a complex process influenced by technological, institutional, and managerial factors. The analysis of international experience and Uzbekistan's banking practices confirms the necessity of implementing innovative approaches and customer-centered strategies to ensure the sustainable development of retail banking services.

## 2. Materials and Methods

This study is based on a comprehensive analysis of theoretical, methodological, and empirical approaches related to improving the quality of retail customer services in commercial banks. The research combines both qualitative and quantitative methods to evaluate the current condition of retail banking services in Uzbekistan and identify their specific features.

The methodological basis of the research includes scientific works of international and national scholars in the fields of banking, financial services, digital banking technologies, and customer relationship management. In addition, official statistical data, analytical reports, and regulatory documents related to the banking sector of Uzbekistan were used as the primary sources of information. The study also relies on reports and publications of the Central Bank of the Republic of Uzbekistan, the World Bank, the International Monetary Fund, and other international financial organizations [11].

Several research methods were applied during the study. The comparative analysis method was used to evaluate the development of retail banking services in Uzbekistan and compare them with international banking practices. The statistical analysis method helped assess changes in retail banking indicators, including the number of customers using digital banking services, non-cash payment transactions, bank cards, deposits, and remote banking operations.

In addition, the systematic analysis approach was employed to identify the factors influencing the quality of retail customer services and determine the interrelationship between digital transformation, customer satisfaction, and banking efficiency. Logical and economic analysis methods were also applied to examine the role of innovative banking technologies in improving service quality and increasing the competitiveness of commercial banks [12].

The research further utilizes elements of empirical analysis through the examination of customer service practices implemented by commercial banks operating in Uzbekistan. Special attention is given to mobile banking systems, internet banking platforms, self-service technologies, and customer support mechanisms introduced within the banking sector reforms.

The study period mainly covers recent years characterized by accelerated banking reforms and digitalization processes in Uzbekistan. The obtained results were generalized through analytical evaluation and used as the basis for developing practical recommendations aimed at improving the quality and effectiveness of retail customer services in commercial banks.

The reliability of the research findings is ensured through the use of official statistical sources, internationally recognized scientific methodologies, comparative evaluation techniques, and the integration of theoretical and practical approaches in the analysis process.

## 3. Results and Discussion

The analysis of retail customer services in commercial banks of Uzbekistan shows that the banking sector has undergone a significant transformation in recent years, primarily driven by digitalization reforms, increased competition, and customer-oriented policy implementation. The results indicate that commercial banks have substantially improved service delivery channels through the expansion of remote banking systems, mobile applications, and online financial platforms [13].

One of the most notable outcomes of banking reforms is the rapid growth of digital banking usage among the population. The number of customers using mobile banking and internet banking services has increased steadily, reflecting higher trust in digital financial instruments and improved accessibility of banking services. In particular, the widespread adoption of non-cash payment systems and bank cards has contributed to reducing cash dependency and improving transaction efficiency in the retail banking segment.

The analysis also shows that commercial banks have significantly diversified their retail product portfolios. Services such as consumer loans, microloans, deposit accounts, and payment services have become more customer-oriented and flexible. This diversification has enhanced customer satisfaction and strengthened the competitive environment among banks.

However, the results also reveal several persistent challenges affecting the quality of retail customer services. First, there are noticeable differences in service quality between state-owned and private commercial banks. While some banks have implemented advanced digital technologies, others still rely on traditional service models, which limits overall efficiency. Second, regional disparities remain a key issue, as customers in rural and remote areas often have limited access to high-quality banking services and digital infrastructure.

Another important finding is related to customer experience and service quality perception. Although digital banking services are expanding, customer feedback indicates issues such as occasional system interruptions, limited user support, and cybersecurity concerns. These factors negatively influence customer trust and satisfaction levels in some cases [14].

From a macroeconomic perspective, the improvement in retail banking services has positively impacted financial inclusion in Uzbekistan. The expansion of banking services has allowed a larger share of the population to access formal financial systems, contributing to increased savings mobilization and more efficient resource allocation in the economy.

In general, the results demonstrate that Uzbekistan's banking sector has made significant progress in enhancing retail customer services, particularly through digital transformation and service diversification. At the same time, the findings highlight the need for further improvements in technological infrastructure, service quality standardization, and financial literacy to ensure balanced and sustainable development of retail banking services across all regions of the country.

Today, commercial banks in Uzbekistan are issuing bank cards in the national currency under the "Uzcard" and "Humo" payment systems, and their infrastructure continues to expand.

In accordance with the Resolution of the Cabinet of Ministers of the Republic of Uzbekistan dated 24 September 2004 No. 445 "On Measures for Further Development of the Settlement System Using Plastic Cards," the Unified Republican Processing Center was established, and the "Uzcard" payment system began its operations.

On 11 April 2020, the Central Bank of the Republic of Uzbekistan issued a license to the LLC Unified Republican Processing Center as the operator of the "Uzcard" payment system.

In line with the Resolution of the President of the Republic of Uzbekistan dated 19 September 2018 No. PQ–3945 "On Measures for the Development of the National Payment System," the National Interbank Processing Center was established, and the "Humo" payment system was launched in the first quarter of 2019. On 11 April 2020, the Central Bank also issued a license to the LLC National Interbank Processing Center as the operator of the "Humo" payment system. As of 1 January 2020, the banking card infrastructure in Uzbekistan consisted of 20,547 thousand bank cards, 392,361 payment terminals, and 9,203 ATMs and infokiosks.

During 2019, the Table 1. integration of the two national retail payment systems ("Humo" and "Uzcard") with international payment systems such as Visa, Mastercard, China UnionPay, and Mir was successfully implemented. This integration created favorable conditions for foreign tourists and visitors, enabling them to make payments in the national currency through the ATM and payment terminal networks of the "Humo" and "Uzcard" infrastructures.

**Table 1.** Information on bank plastic cards in circulation, payment terminals, ATMs, and infokiosks in Uzbekistan.

| Indicators | 01.01.2024 | 01.01.2025 | 01.01.2026 |
|---|---|---|---|
| Number of bank cards in circulation (thousand units) | 46,206 | 61,996 | 68,267 |
| Installed payment terminals (thousand units) | 429,3 | 426,2 | 431 |
| Number of installed ATMs and infokiosks (thousand units) | 26,7 | 29,9 | 40,1 |

As of 1 January 2024–2026, the banking card infrastructure in Uzbekistan demonstrates a steady expansion trend. The number of bank cards in circulation increased significantly from 46,206 thousand units in 2024 to 61,996 thousand units in 2025, reaching 68,267 thousand units in 2026. This indicates a rapid growth in the use of cashless payment instruments among the population.

The number of installed payment terminals remained relatively stable, showing a slight fluctuation: 429.3 thousand units in 2024, a minor decrease to 426.2 thousand in 2025, and a slight recovery to 431 thousand units in 2026. This suggests that the terminal infrastructure has reached a saturation level, with only marginal expansion [15].

In contrast, the number of installed ATMs and infokiosks shows a consistent upward trend, increasing from 26.7 thousand units in 2024 to 29.9 thousand in 2025, and further to 40.1 thousand in 2026. This reflects ongoing efforts to improve accessibility to banking services and enhance

customer convenience through self-service technologies.

Overall, the data indicates that Uzbekistan's retail payment infrastructure is developing mainly through the rapid growth of card circulation and expansion of self-service banking channels, while payment terminal networks remain relatively stable.

**Table 2.** Data on the structure of outstanding loans granted to individuals by type of credit.

| Indicator | As of Jan 1, 2025 | As of Jan 1, 2026 | Change (%) |
|---|---|---|---|
| Total loans to individuals | 177,53 | 220,28 | 24% |
| Mortgage loans | 67,73 | 79,396 | 17% |
| Microloans | 42,369 | 48,863 | 15% |
| Auto loans | 40,152 | 39,696 | -1% |
| Other consumer loans | 566 | 492 | -13% |
| Education loans | 5,858 | 6,932 | 18% |
| Loans for business development | 19,523 | 40,474 | 107% |
| Other loans | 1,334 | 4,43 | 232% |

The analysis of the structure of outstanding loans granted to individuals in Uzbekistan for the period from January 1, 2025, to January 1, 2026, shows a noticeable expansion in the overall volume of retail lending as well as significant changes in its composition.

The total amount of loans to individuals increased from 177.53 to 220.28, which corresponds to a 24% growth. This indicates that retail lending in Uzbekistan is actively expanding, driven by improved access to banking services, increasing household demand for credit resources, and the growing role of commercial banks in supporting consumer and investment activities of the population.

Mortgage lending also demonstrated stable growth, increasing from 67.73 to 79.396, or 17%. This reflects continued demand for housing finance and the importance of mortgage programs in improving living conditions of the population. It also shows that banks are actively participating in long-term housing financing schemes.

Microloans increased from 42.369 to 48.863, showing a 15% growth. This suggests steady demand for small-scale financing, particularly for household needs and small entrepreneurial activities. Microloans remain an important instrument for supporting financial inclusion in the country. In contrast, auto loans slightly decreased from 40.152 to 39.696, showing a 1% decline. This may indicate market saturation or a shift in consumer preferences regarding vehicle financing. Other consumer loans decreased from 566 to 492, which represents a 13% decline. This reduction may be associated with tighter lending conditions or a reorientation of banks toward more structured credit products.

Education loans increased from 5.858 to 6.932, showing an 18% growth. This reflects a positive trend in financing human capital development and increasing accessibility of educational credit products for the population. The most significant change is observed in loans for business development, which increased from 19.523 to 40.474, representing a sharp growth of 107%. This indicates a strong expansion of entrepreneurial financing and highlights the increasing role of banks in supporting small and medium-sized businesses in Uzbekistan. Other loans also demonstrated rapid growth from 1.334 to 4.43, increasing by 232%, although this segment remains relatively small in overall structure.

In general, the results show that the retail credit portfolio in Uzbekistan is expanding and gradually shifting toward productive lending. While traditional consumer credit segments such as auto loans and other consumer loans are stagnating or declining, business development loans and education loans are showing strong growth. This indicates a structural transformation of retail lending toward supporting entrepreneurship, human capital development, and long-term economic

growth.

## 4. Conclusions

The analysis conducted in this study based on the development of retail banking services and the structure of outstanding loans to individuals in Uzbekistan demonstrates that the country's banking sector is undergoing significant transformation, characterized by both quantitative growth and qualitative structural changes.

The results show a steady increase in the use of modern banking infrastructure, including a rapid expansion of bank cards and ATMs, while payment terminals remain relatively stable, indicating a transition toward more digital and mobile-based payment solutions. This confirms that commercial banks are actively implementing digital transformation strategies aimed at improving accessibility, convenience, and efficiency of retail customer services.

The analysis of retail credit portfolios reveals that total lending to individuals has grown significantly, reflecting increasing financial activity of households and improved access to banking services. At the same time, the structure of loans has changed notably. The fastest growth is observed in business development loans, which indicates a strong shift toward supporting entrepreneurship and productive economic activity. Education loans also show positive growth, reflecting increasing investment in human capital.

In contrast, some traditional consumer lending segments such as auto loans and other consumer loans demonstrate stagnation or slight decline, which suggests a gradual shift in consumer behavior and bank lending priorities. This structural change highlights that commercial banks are increasingly focusing on sustainable and development-oriented credit products rather than purely consumption-based lending.

Overall, the findings confirm that Uzbekistan's banking system is moving toward a more modern, diversified, and digitally oriented retail banking model. The development of retail services, expansion of digital infrastructure, and restructuring of credit portfolios collectively contribute to strengthening financial inclusion, improving service quality, and supporting long-term economic development.

Therefore, it can be concluded that further improvement of retail banking services in Uzbekistan should focus on enhancing digital technologies, expanding innovative financial products, increasing regional accessibility, and strengthening customer-oriented approaches in order to ensure sustainable growth of the banking sector.

Based on the analysis of retail banking services development and the structure of consumer lending in Uzbekistan, several practical recommendations can be proposed to further improve the quality and efficiency of commercial banks' activities.

First, it is necessary to continue accelerating the digital transformation of retail banking services. Commercial banks should further develop mobile banking applications, internet banking platforms, and contactless payment systems. Special attention should be given to improving system stability, cybersecurity, and user-friendly interfaces in order to increase customer trust and satisfaction.

Second, expanding financial inclusion remains an important priority. In particular, banking services should be made more accessible in rural and remote regions by increasing the coverage of digital infrastructure and introducing simplified banking products. The development of agent banking and remote service channels can significantly improve accessibility for underserved population groups.

Third, commercial banks should focus on improving the quality of customer service through the implementation of modern customer relationship management (CRM) systems. This will allow banks to better understand customer needs, personalize financial products, and improve service efficiency.

Fourth, the results of the study show a strong increase in business development loans, which should be further supported. Banks are encouraged to expand financing programs for small and medium-sized enterprises, simplify loan approval procedures, and introduce flexible credit products aimed at supporting entrepreneurship and job creation.

Fifth, financial literacy of the population should be enhanced. Increasing awareness of banking products, digital services, and responsible borrowing will help customers make better financial decisions and reduce credit risks. This can be achieved through educational programs, online platforms, and cooperation between banks and educational institutions.

In conclusion, the implementation of these recommendations will contribute to the further development of retail banking services in Uzbekistan, enhance customer satisfaction, and support the long-term stability and efficiency of the banking sector.

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