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Customer Segmentation and Relationship Management in the Banking Sector of Uzbekistan

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Abstract: In the context of increasing competition and digital transformation, effective customer segmentation has become an important instrument for improving the efficiency of banking operations and strengthening customer relationships. Banks increasingly use demographic, economic, behavioral, geographic, and psychographic characteristics to identify customer groups and develop differentiated products and services. This study examines modern approaches to customer segmentation and relationship management in the banking sector of Uzbekistan, with particular attention to JSCB Turonbank. The research analyzes retail customer segments, their financial contribution, credit portfolio distribution, customer funds, and commission and interest income. The findings demonstrate that the Mass segment represents the largest share of Turonbank's customer base, while Affluent and Premium customers generate a disproportionately high share of total customer income. The study proposes a differentiated relationship-management model based on personalized products, loyalty programs, digital banking, and the gradual migration of high-potential customers toward higher-value segments.

Keywords: Customer segmentation, relationship management, retail banking, digital banking, customer profitability, Turonbank, banking services, personalization, Uzbekistan.

1. Introduction

The transformation of the banking sector is accompanied by increasing competition, rapid digitalization, changing customer expectations, and the development of fintech companies. Under these conditions, banks can no longer rely solely on standardized banking products. Effective identification of customer needs and the development of differentiated service models have become important factors in maintaining competitiveness and increasing profitability.

Digital banking has significantly changed the traditional relationship between banks and customers. Open APIs, mobile applications, automated decision-making, scoring systems, and data-driven customer analysis enable financial institutions to provide more personalized services while reducing operational costs [1], [2]. The development of remote banking is particularly important for Uzbekistan. According to the Central Bank, Turonbank had **877,900 customers using remote banking systems as of July 1, 2025**, including 827,701 individuals and 50,199 legal entities and individual entrepreneurs [3].

Customer segmentation allows banks to divide their customer base into relatively homogeneous groups according to income, financial behavior, demographic

characteristics, and service needs [4], [5]. Such segmentation creates opportunities for differentiated pricing, targeted marketing, personalized products, cross-selling, and improved customer loyalty [6].

The objective of this study is to analyze the role of customer segmentation in improving relationship management in the banking sector of Uzbekistan and to evaluate the economic characteristics of different retail customer segments using Turonbank as a case study.

Customer segmentation is widely recognized as an important component of modern customer relationship management (CRM). Traditional segmentation approaches primarily rely on demographic and socioeconomic characteristics, while contemporary banking increasingly incorporates behavioral, transactional, digital, and profitability-based indicators.

The development of digital technologies has expanded the possibilities for real-time customer analysis [7], [8]. Banks can use transaction histories, product usage, digital activity, credit behavior, and customer profitability indicators to develop more accurate customer profiles. This enables financial institutions to move from mass marketing toward personalized relationship management.

In emerging markets, digitalization and increasing fintech competition have accelerated the transformation of retail banking. Open banking technologies and API-based financial ecosystems further strengthen competition by allowing customers to access broader financial services and increasing the importance of customer experience.

For Uzbekistan, these trends are particularly relevant because the banking sector is undergoing structural and technological transformation [9], [10]. The Central Bank has emphasized the importance of data management and digital technologies in improving the efficiency and transparency of financial institutions.

Nevertheless, an important research gap remains in the practical integration of customer segmentation with customer profitability and relationship-management strategies at the individual bank level. Therefore, the analysis of Turonbank provides an opportunity to demonstrate how different customer segments contribute to the bank's financial performance.

2. Research Methodology

The study applies **comparative, analytical, segmentation, and case-study methods**. The empirical basis consists of information on Turonbank's retail customer segments, including customer numbers, average monthly income, credit portfolio, customer funds, commission income, and credit income.

Customers are classified into four principal segments:

- **Mass** – customers with relatively low income;
- **Mass Affluent** – customers with medium-to-high income;
- **Affluent** – high-income customers;
- **Premium** – customers with the highest income and financial potential.

The analysis compares the size of each segment with its contribution to customer income and banking revenues. This makes it possible to identify differences between **customer volume and customer economic value**.

The study also considers digital banking development as an important instrument for relationship management. Official Central Bank statistics and Turonbank's publicly disclosed reports are used to provide contextual evidence for the analysis [11], [12]. Turonbank regularly publishes annual and quarterly reports, including its 2025 financial report. Secondary macroeconomic and digital context indicators are drawn from international organizations and market analysis sources [13]–[15].

3. Results and Discussion

The analysis of Turonbank's retail customer base demonstrates a significant difference between **customer volume and economic value**. The Mass segment represents 90% of customers, while Mass Affluent, Affluent, and Premium customers account for only 7%, 2%, and 1%, respectively. However, these higher-income segments generate a disproportionately large share of total customer income: 19% for Mass Affluent, 42% for Affluent, and 25% for Premium customers.

Table 1. Distribution of Turonbank Customers by Segment.

Customer segment	Number of customers	Share of customers	Share of average monthly income
Mass	528,959	90%	14%
Mass Affluent	41,141	7%	19%
Affluent	11,755	2%	42%
Premium	5,877	1%	25%
Total	587,732	100%	100%

These results indicate that the **Affluent segment has the highest economic value relative to its size**. Although it represents only 2% of the customer base, it generates 42% of total average monthly customer income. The Premium segment also demonstrates a high contribution, accounting for 25% of income with only 1% of customers. Therefore, concentrating exclusively on customer numbers may underestimate the strategic importance of high-income customers.

The analysis of financial indicators provides additional evidence. The Mass segment has the largest credit portfolio, while the Mass and Mass Affluent segments together account for more than three-quarters of the retail credit portfolio. Commission income is also concentrated in these segments, demonstrating their importance for the bank's transaction-based revenues.

Table 2. Key Financial Indicators by Customer Subsegment.

Subsegment	Credit portfolio, bn UZS	Customer funds, bn UZS	Commission income, mln UZS	Credit income, mln UZS
Affluent (>50 mln UZS)	35,209	34,458	4,369	687
Medium (8–50 mln UZS)	37,673	19,883	8,528	205
Mass (<8 mln UZS)	73,827	25,615	8,910	1,556

The data suggest that different segments create value through different channels. The Mass segment contributes mainly through **credit activity and transaction volumes**, whereas Affluent and Premium customers provide stronger opportunities for deposits, investment products, premium services, and cross-selling. Consequently, a single service model for all customers would not maximize the bank's profitability.

Digitalization further strengthens the importance of differentiated relationship management. According to the Central Bank, Turonbank had **877,900 remote-banking users as of July 1, 2025**, including 827,701 individuals. By December 1, 2025, the number had increased to **937,775 users**, indicating continued expansion of digital customer interaction.

The findings therefore support a **segment-based customer relationship management model**. For the Mass segment, the bank should prioritize low-cost digital services, automated lending, payment products, and standardized offers. For Mass Affluent customers, cross-selling, savings products, consumer lending, and loyalty programs should be emphasized. Affluent and Premium customers require personalized relationship management, preferential service, investment products, and individual financial solutions.

From a strategic perspective, Turonbank should seek to gradually move high-potential Mass customers toward the Mass Affluent and Affluent segments. This can be achieved through personalized product recommendations, loyalty programs, digital engagement, and targeted financial offers. Such an approach would increase customer lifetime value while strengthening the bank's long-term profitability and competitiveness.

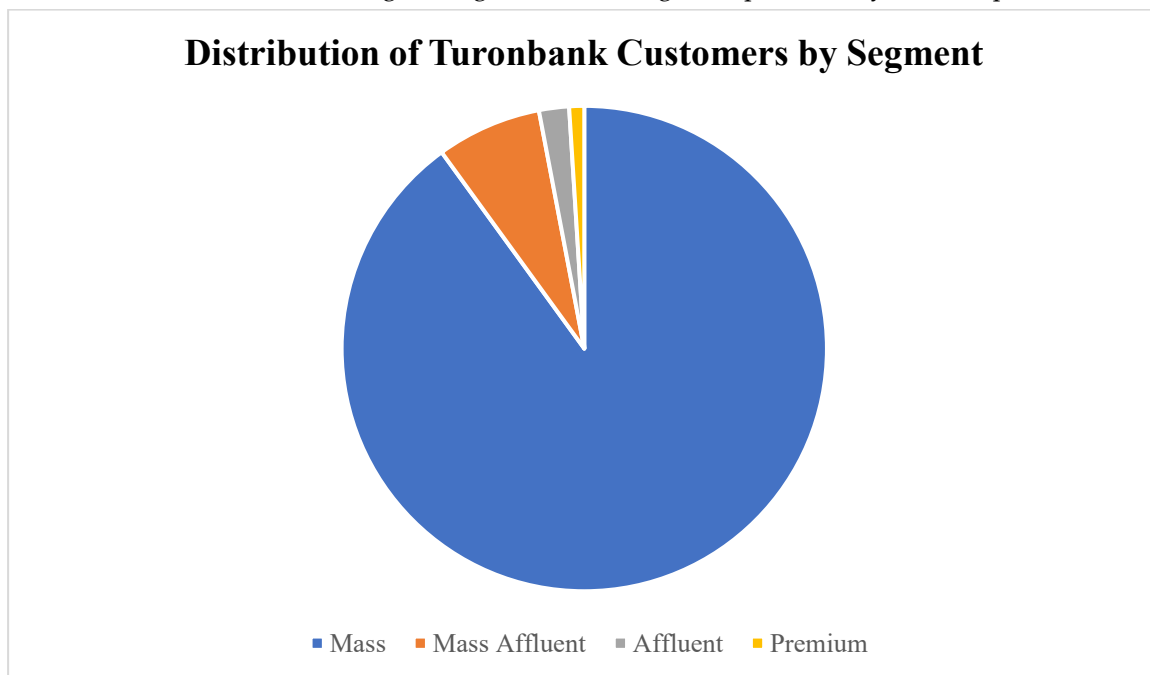


Figure 1. Distribution of Turonbank Customers by Segment, %

The Mass segment dominates Turonbank's customer base, accounting for **90%** of all customers. However, the Affluent and Premium segments, despite representing only **3%** combined, generate a disproportionately high share of customer income (**67%** combined). This indicates that high-income segments have significant strategic importance for improving customer profitability and relationship management.

4. Conclusion and Recommendations

The study demonstrates that customer segmentation is an important instrument for improving relationship management and increasing the efficiency of banking services. The analysis of Turonbank's retail customer base confirms that customer numbers alone do not adequately reflect their economic value. While the Mass segment accounts for 90% of customers, the Affluent and Premium segments, representing only 3% of the customer base, generate 67% of average monthly customer income. This finding confirms the need to combine demographic and income-based segmentation with indicators of customer profitability, financial activity, and product usage.

The analysis also shows that different customer segments contribute to bank performance through different channels. Mass customers primarily generate value through credit operations and transaction activity, whereas higher-income customers have

greater potential for deposits, investment products, premium services, and cross-selling. Therefore, the application of a unified service model may limit the bank's ability to maximize customer lifetime value.

Based on the findings, several recommendations are proposed. First, Turonbank should strengthen its **data-driven customer segmentation system** by regularly updating customer profiles according to income, transaction behavior, credit activity, savings, and digital engagement. Second, the bank should develop **differentiated product and service packages** for Mass, Mass Affluent, Affluent, and Premium customers. Third, personalized recommendations and targeted marketing should be integrated into mobile and digital banking channels. Fourth, the bank should introduce **customer lifetime value (CLV)** and profitability indicators into its CRM system to identify high-potential customers.

Finally, the bank should focus on gradually transferring high-potential Mass customers into higher-value segments through loyalty programs, savings products, personalized lending offers, and financial advisory services. The combination of advanced segmentation, digital technologies, and personalized relationship management can contribute to higher customer satisfaction, stronger loyalty, improved profitability, and sustainable competitiveness in Uzbekistan's banking sector.

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