

## EVALUATING DIGITAL CUSTOMER IDENTITY STRATEGIES IN BANKING: A CONSIDERATION OF THE RISKS AND BENEFITS IS IMPERATIVE

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**Abstract:** In the context of globalisation, all sectors of economic activity have undergone significant transformations, and the banking sector is no exception to this phenomenon. It is evident that commercial banks across the globe are experiencing a period of digital transformation, with varying degrees of intensity. However, in the near term, most of these institutions are likely to have to adapt to these changes. Failure to do so may result in the erosion of their competitive advantage, as consumer expectations are subject to constant evolution in conjunction with ongoing technological advancements. In the contemporary context, customers are increasingly seeking banking services that are both expeditious and remote, and which provide prompt feedback.

**Keywords:** Bank, digitisation, digital platforms, cybersecurity, banking services.

Financial institutions are of pivotal significance to the economy, with the vast majority of individuals engaging with them on a regular basis, undertaking quotidian transactions such as transfers and payments. In the contemporary business environment, characterised by the escalating expectations of customers and their mounting discernment in selecting financial partners, financial institutions are compelled to perpetually monitor emergent technologies and expeditiously implement them to enhance the quality of their services. Consequently, the transition to digital formats can be regarded as a natural progression within the evolution of the banking sector, rather than a mandatory action. Concurrently, it is noteworthy that the proliferation of mobile banking is eclipsing the development of online services, a phenomenon attributable to the pronounced demand from users for contemporary information technologies. The present study investigates the impact of the digital transformation on financial institutions, with a particular focus on the challenges posed by the novel Coronavirus (SARS-CoV-2) pandemic. The analysis explores the ways in which financial institutions have adopted digital solutions to ensure operational continuity and enhance resilience in the face of systemic risks. The role of central banks in ensuring financial stability is well-documented, and the systems they establish have a profound impact on the economic and political landscape of a nation. In consideration of the heightened vulnerability exhibited by the banking sector in comparison to other industries, it is imperative to allocate a greater degree of attention to security concerns.

In order to function efficiently, companies must establish economic security services that are guided by the following principles:

The legality of the act is as follows: It is imperative that all actions are in accordance with Uzbek legislation and international norms.

The economic feasibility of the project is as follows: The justification for asset protection is predicated on the principle of ensuring costs do not exceed potential losses.

The complexity of the measures is as follows: A combination of rapid threat response actions (designed to minimise economic and reputational losses) and preventive measures (designed to avoid and block potential risks) is recommended.

The concept of continuity is demonstrated in the following way: It is imperative that the work of the economic security service be conducted in a perpetual manner.

The present study proposes a differentiated approach. The measures implemented should be commensurate with the nature and severity of the threat.

The following section will address the concept of collaboration. It is imperative that there is close cooperation between all departments of the company in order to ensure effective work.

The following point must be noted: adherence to the directives issued by those in positions of authority is obligatory. It is imperative that the economic security service be held fully accountable for its actions in accordance with the directives issued by the management.

Digitalisation has been demonstrated to facilitate cost reductions and enhance customer service within the banking sector. Despite the considerable investment necessitated by IT implementation and the potential reluctance of customers to adopt new digital tools, a well-defined vision of digital transformation can assist banking institutions in successfully navigating these challenges. It is imperative to facilitate a seamless transition to novel technologies, to integrate them into business processes, and to persuade employees of the advantages of digital services and online banking. The alignment of the company's organisational culture with the financial products and services offered is of critical importance to the enhancement of marketing effectiveness and, in turn, the success of the organisation.

The following challenges can be identified in the digital transformation of the banking industry:

It is evident that a substantial decrease in the requirement for employees has been precipitated by the pervasive implementation of automated systems.

It is evident that there has been an increase in the exposure of banking structures to cyber threats.

In the future, we will see the emergence of banking systems that use artificial intelligence, with some of whose tools already being used to work with customers. However, it should be noted that this is merely the preliminary stage of the process. The field of artificial intelligence has the potential to effect radical change in the domain of banking activities, encompassing the creation of virtual financial advisors, automated assessment of creditworthiness, and the forecasting of trends.

The utilisation of machine learning algorithms within customer service frameworks has been demonstrated to enhance the quality of service provided, thereby facilitating the expeditious resolution of issues that arise. In conjunction with artificial intelligence, this will, in the near future, enable banks to identify and effectively address customer issues with minimal financial expenditure. Consequently, a transformation of the banking industry will ensue, which will in turn modify the experience of interacting with financial products. It is imperative that banking institutions engage in perpetual monitoring and implementation of innovations in order to maintain competitiveness within their respective fields.

It is evident that in order to attract a wide audience, it is not sufficient to simply create an aesthetically pleasing product; it is imperative to ensure that the utilisation of the product is both convenient and straightforward. Retaining customers in a highly competitive environment is a considerable challenge, particularly in the banking sector, where the services offered are comparable. The advent of this technology has engendered the possibility of concurrent execution of multiple products without the

necessity of physical presence at the banking establishment. Consequently, there is an imperative to cultivate distinctive technologies and methodologies grounded in contemporary information and digital assets.

The advent of digital banking platforms has been motivated by the objective of providing novel benefits to customers and cultivating a distinct ecosystem. The incorporation of services oriented towards small businesses will facilitate a more precise alignment with consumer requirements.

Analyses of bank development around the world demonstrate that the stability of the financial system is contingent upon the implementation of a robust risk management strategy and methodology. In order to enhance comprehension of customer requirements, it is imperative to establish collaborative relationships with international financial institutions. Such partnerships will facilitate the provision of secure financial services and the sustainable growth of businesses.

It is evident that in order to achieve socio-economic progress, there is a necessity for further digitisation of banking processes and economic connectivity. Concomitantly, it is imperative to acknowledge that the process of digitalisation engenders an augmented vulnerability in banking institutions to cyber-attacks, which have the potential to exert a deleterious effect on their reputation. Consequently, financial institutions must proactively attract investment to mitigate and respond expeditiously to such risks, while also facilitating the exchange of experiences with other organisations. It is reasonable to hypothesise that these changes will have a positive impact on the profits of financial institutions. However, it is imperative to extend this analysis by monitoring key performance indicators such as sales growth, customer base, and headcount. This comprehensive approach enables a more nuanced evaluation of the effectiveness of digitalisation investments.

The mobile communications and wireless technology sector is demonstrating impressive growth on a global level. The advent of sophisticated technologies and the proliferation of mobile devices, including smartphones, have engendered a paradigm shift in the evolution of the banking sector. The provision of round-the-clock access to financial resources and the requisite instruments for their management has become an integral component of contemporary banking practices. This evolution gives rise to banking relationships characterised by closer and more efficient interaction with customers, which allows them to promptly resolve their requests. The primary challenge confronting financial institutions pertains to the retention and attraction of customers, in addition to the timely assimilation of innovations, thereby enhancing competitiveness. The integration of online services with the conventional network of branches and ATMs has proven to be a pivotal factor in the success of banking institutions. In order to facilitate sustainable and efficient development, it is necessary to introduce and adapt new technologies.

In the future, the focus of research should be on the digitalisation of banking services and the identification of factors affecting their user-friendliness. This will assist in evaluating the alignment of banking services with customer expectations and identifying methods to enhance banking operations and improve their financial sustainability. A thoroughgoing analysis of the digital transformation of business models will necessitate the development of several scales for evaluating digital tools, with consideration being given to the extent to which they are employed in different departments of the bank, such as customer service and accounting. Ultimately, such studies should also ascertain the most suitable types of digitalisation tools for widespread adoption.

As highlighted in foreign studies, the digitalisation of commercial banks has been shown to optimise key processes and enhance customer interaction in the delivery of banking services. The findings have the potential to be of use to banking managers and marketers in the planning and implementation of digital transformation strategies. Furthermore, the sections on cybersecurity and potential risks of mobile banking can serve as a basis for drafting terms of reference for IT specialists involved in the development and implementation of digital products.

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