

## ROLE AND SIGNIFICANCE OF ONLINE BANKS IN THE GLOBALIZATION PERIOD

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### Abstract

*Technological innovation has changed all aspects of life. It has changed the way we travel, communicate, entertain, cook and shop. Similarly, technology has affected the way we deal with money. Banking is one of the main sectors of the economy affected by constantly developing technologies. The latest technological trends have given rise to modern methods of banking services such as online banking, internet banking, artificial intelligence personal assistants, electronic wallets, online payments and many others.*

*When visiting a bank branch was a necessity, gone are the days. Long queues at bank branches were common. Paying bills, making deposits, opening accounts, closing accounts, credit approvals, and withdrawals were tedious tasks[1]. However, there are big changes in the plan that will continue to change the traditional banking landscape. The change can be largely driven by technologies such as artificial intelligence, machine learning, core banking solutions driven by IT platforms, and wearable devices.*

### Keywords

*digital banking, mobile applications, advantages of online banking, security*

### Аннотация

*Технологические инновации изменили все аспекты жизни. Это изменило то, как мы путешествуем, общаемся, развлекаемся, готовим и делаем покупки. Точно так же технологии повлияли на то, как мы обращаемся с деньгами. Банковское дело является одним из основных секторов экономики, на который влияют постоянно развивающиеся технологии. Последние технологические тенденции породили современные методы банковского обслуживания, такие как онлайн-банкинг, интернет-банкинг, персональные помощники с искусственным интеллектом, электронные кошельки, онлайн-платежи и многие другие.*

*Прошли те времена, когда посещение отделения банка было необходимостью. Длинные очереди в отделениях банков были обычным явлением. Оплата счетов, внесение депозитов, открытие и закрытие счетов, одобрение кредитов и снятие средств были утомительными задачами[1]. Однако в плане есть большие изменения,*

которые продолжают менять традиционную банковскую среду. Эти изменения могут быть в значительной степени обусловлены такими технологиями, как искусственный интеллект, машинное обучение, основные банковские решения, основанные на ИТ-платформах, и носимые устройства.

### **Ключевые слова**

цифровой банкинг, мобильные приложения, преимущества онлайн-банкинга, безопасность.

### **Abstrakt**

Texnologik innovatsiyalar hayotning barcha jabhalarini o'zgartirdi. Bu bizning sayohat qilish, muloqot qilish, ko'ngil ochish, ovqat pishirish va xarid qilish uslubimizni o'zgartirdi. Shunga o'xshab, texnologiya pul bilan ishlashimizga ta'sir qildi. Bank ishi iqtisodiyotning doimiy rivojlanib borayotgan texnologiyalar ta'sir ko'rsatadigan asosiy tarmoqlaridan biridir. Eng so'nggi texnologik tendensiyalar onlayn-banking, internet-banking, sun'iy intellektning shaxsiy yordamchilari, elektron hamyonlar, onlayn to'lovlar va boshqa ko'plab bank xizmatlarining zamonaviy usullarini keltirib chiqardi.

Bank filialiga tashrif buyurish zarurat bo'lgan kunlar o'tdi. Bank filiallarida uzun navbatlar odatiy hol edi. Xarajatlarni to'lash, pul omonatini qo'yish, hisob ochish, hisobvaraqlarni yopish, kreditni tasdiqlash va pul yechib olish zerikarli ishlar edi[1]. Biroq, an'anaviy bank landshaftini o'zgartirishda davom etadigan rejada katta o'zgarishlar mavjud. O'zgarish asosan sun'iy intellekt, mashinani o'rganish, IT platformalari tomonidan boshqariladigan asosiy bank yechimlari va amaliyotga joriy qilinadigan qurilmalar kabi texnologiyalar bilan bog'liq bo'lishi mumkin.

### **Kalit so'zlar**

raqamli bank, mobil ilovalar, onlayn bankning afzalliklari, xavfsizlik

## **INTRODUCTION**

Digitization and the emergence of technology are reshaping our world, transforming societies, industries and economies by reinventing traditional business models and creating new ones. These unstoppable forces are creating the need to develop new operating models for the banking industry.

The age of technology is causing many industries to change and requires the use of modern technologies. This is certainly one of the processes related to the banking sector. That is, banks are using modern technologies to create various types of convenience for their customers and increase the flow of customers. Just one example, banks are creating their own mobile applications to provide remote services. This provides a number of conveniences to people.

In addition, online banks are also entering the market. Online banking means managing a customer's bank accounts using a computer or mobile device. This

includes transferring funds, depositing checks and entering electronic payments. In addition, online banking is the result of the introduction of technological innovations in the banking sector. The digital age has brought fierce competition in the banking industry. Banks need to stay relevant in the market to gain market share and retain customers. There is a big change in consumer preferences. From traditional methods, they are now adopting digital and multi-channel models as it enables them to perform activities conveniently and faster. At the same time, it gives customers more control than before. Online banking is a service with great potential that has the potential to improve banking[2].

An online banking system is usually connected to or part of the main banking system operated by the bank, allowing customers to access banking services in addition to or instead of traditional branch banking. Online banking significantly reduces banks' operational costs by reducing reliance on branch networks and provides convenience to some customers by reducing the need to visit a branch bank, as well as making it possible to carry out banking operations even when branches are closed.

It is natural for bank customers to ask how to use online banking services. To use the online banking service, you need a computer, tablet, mobile phone or other device, as well as an Internet connection and a bank or debit card. To use the service, the customer must register in the bank's online banking service and create a password. After completing this, the customer can use the service to perform banking services.

Advantages of online banking[3]:

Lower fees

Because online banks don't have to spend money to maintain branches, they have low or no fees. Many online accounts, for example, do not charge monthly service fees, and some do not charge overdraft fees.

Better interest rates

Deposit accounts at online banks typically have high annual returns. Online money management accounts are another option for earning interest. These financial products are offered by non-bank service providers such as brokerages. They usually combine the features of checking, savings and investment accounts and can have good returns.

Standard banking services

While online banks typically offer higher rates and lower fees, many still have the same basic banking features you'd find at traditional banks.

Convenience

The ability to bank anywhere and anytime is one of the main advantages of mobile and online banking solutions.

Many mobile banking apps allow you to deposit checks remotely, for example. Meanwhile, you can check your balance, transfer funds and set up notifications to alert you when your account is overdrafted - all without the need to visit a branch. This is a real time saver.

Digital banks also offer additional conveniences such as cashless operation. Paying with cash is not as convenient as an electronic transaction. Electronic transactions are safer (you don't carry cash), they're more sanitary (you don't touch cash), and you can track your transaction electronically. A cashless society with digital transactions is much more efficient and it allows you to manage your financial resources much better.

#### □ Safety

With standard security measures, online banks are just as safe as traditional banks. There are also steps you can take to keep your online banking safe, including avoiding public Wi-Fi, keeping networks and antivirus software up-to-date. Security is the number 1 priority for financial institutions. And this applies to traditional banks as well as mobile and online banking. Threats are everywhere, including bank branches. Fortunately, many banks make it easy to take additional security measures. For example, your bank may allow you to add multi-factor authentication to your mobile app and online banking account. Experts say the biggest risk is often not in the hands of consumers, but in the hands of financial institutions

Many mobile banking apps also allow you to use biometric authentication to log in. For example, the Axos Bank app offers biometric login options that require your fingerprint or facial recognition. Your bank may automatically check certain risks. If Ally Bank detects access from an unknown device, it will request additional verification.

In general, you may be safer than you think when using digital banking.

Digital payments and e-wallets have been reported to offer more security than a physical card in some cases, giving some users more reason to use digital banking tools[4].

#### □ Usability

People can access their bank accounts and banking services anywhere the Internet is available - on their computers or mobile devices - 24/7. People can also be contacted by telephone customer service - in some cases 24 hours a day, seven days a week.

Management

Having financial control with self-service capabilities is another key benefit of digital banking, as well as providing real-time access to manage and move money the way you want. Unlike traditional banking, mobile banking apps and websites have no restrictions on when you can perform banking tasks, such as opening a check or transferring money from one account to another. And managing daily transactions is getting easier. The world of technology offers the ability to get money and spend money more easily than in the past.

Banks continue to improve the features offered on their digital banking platforms. Automated savings tools and notifications for events such as low balances or overdrafts are common. In many cases, you can even activate a new debit or credit card from your app.

Disadvantages of online banking[5]:

No branches

Online banks operate only online and do not have any physical branches. The best online banks offer low-cost or free banking services, as well as higher-than-average returns on savings accounts and tools to help you manage your money.

The reduced overhead associated with not having physical branches typically allows online banks to save significantly on bank fees. Many banks offer customer service over the phone instead of face-to-face meetings. Some banks offer support through social networks and online chat.

Depositing cash can be difficult

The process of transferring cash in online banks is often very difficult. You may need to find an ATM that accepts the deposit. Or you may need to deposit money into a traditional bank account and transfer it to your online account. You can also use a cash transfer to make a purchase and then deposit it electronically through your online bank's mobile app.

When it comes to digital banking features, most banks' mobile and online experiences offer just as many features as in-person banking, if not more. Banks can offer personal financial advice, savings tools, calculators for large purchases or even virtual assistants, all from the convenience of an app. Banking apps typically allow you to perform everyday banking tasks, such as viewing statements and account balances, transferring money, and making payments. Mobile check deposit is also popular, allowing users to cash checks from their phones. Features like on-time payments may sound like a no-brainer, but being able to send money in minutes through your mobile banking app can be convenient, and many banks now offer this feature. they do Locating nearby ATMs, cardless ATM withdrawals,



budgeting and tracking tools are some of the other benefits your mobile banking app can provide.

Some banks even offer the ability to chat with a live representative through their apps, which researchers say could bridge the gap between in-person and digital banking. Consumers should look for banks that prioritize offering a human touch in their digital channels as well, striking the right balance between the human element and digital automation.

By 2018, the number of users of digital banking services in the US had reached approximately 61%. Online banking penetration has also increased in Europe. In 2019, 93% of Norwegians access online banking sites, the highest rate in Europe, followed by Denmark and the Netherlands. According to a survey conducted by McKinsey and Company, it is estimated that over 700 million consumers across Asia regularly use digital banking[6].

COVID-19 has also spurred the rapid digitization and transformation of business models of Greek banks.

Our experience during the coronavirus (COVID-19) crisis has been completely different. Innovations in the banking sector have proven their value for society. And this is an innovation in the mold of the venerable ATM. This makes banking more convenient and time efficient. It allows providing full contactless banking services in conditions of physical distances and enables bank employees to work remotely. Digitization is not limited to the banking sector, of course. But it has already made a strong mark on the banks, and all signs point to wider changes to come.

According to Forbes Advisor's 2023 US Consumer Banking Statistics Survey, three in four Americans (78%) prefer online banking via a mobile app or website over traditional in-person banking.

Digital banking has become increasingly popular in recent years due to its convenience and usefulness. Customers can access their accounts anytime, anywhere and perform a wide range of transactions, including checking account balances, transferring funds, paying bills and applying for loans.

Many banks implement digital transformation as isolated initiatives without having a global roadmap that includes all the changes needed to compete in the digital space.

Online banking is a fast, cheap and convenient way to carry out many everyday financial transactions.

Now open an account with a bank that does not offer online banking services? For most of us, the answer is no. Online banking is one of the many technology

innovations in the banking sector. It's amazing what online banking can do for customers. Online banking has revolutionized the banking sector and business worldwide. You can manage your finances, shop, make payments, save and get loans from the comfort of your sofa. Let's learn more about this incredibly impressive banking technology.

Online banking is commonly referred to as internet banking. However, it is an electronic banking system that uses the internet and modern technology to empower customers of a bank or financial institution and perform various financial transactions. For online banking, a bank or financial institution must have an official website with a core banking system and various related functions.

The bank's online banking services offer customers almost all the services that a regular bank branch provides. Among many services, customers using web banking can make deposits, transfer funds, manage accounts, open and close accounts, make online payments, and interact virtually with the bank and customer service. And many other things. Today, every bank offers online banking services through websites with desktop and mobile applications. And the best part is that most banks do not charge additional fees for these services.

Online banking services can be divided into transactional and non-transactional activities. Non-transactional activities primarily include viewing account information and balances, checking recent transactions, viewing account history, downloading bank statements in multiple formats, includes downloading forms and applications to activate check books, debit cards, M-banking, E-banking and more. Transactional activities include money transfers, payments, settlements, investments, deposits, credit card applications, and more.

What makes online banking a more attractive option for banks and customers is its speed and efficiency[7]. Whether you want to transfer money or apply for a loan, you don't have to wait in line at a bank branch. There is nothing like queuing or waiting time in online services. All you need to do is fill in some information and submit your request.

There are no monthly fees for using online services provided by your bank. You can do a lot without spending a penny. Strictly speaking, this allowed banks to save operational costs and provide services at much lower prices.

Online services allow banks to save money and this allows them to pass on the benefits to their customers. This means that there are a number of banking activities that can be done at no cost, such as balance checks, account statements, account statement downloads.

In addition, banks are offering high interest rates to customers. As for online-only banks, they have attractive interest rates that cannot be afforded through a traditional banking setup.

This has enabled banks to provide better customer service. You can monitor your account status in real time.

Digitization is changing the way people interact and do business every day, and advances in banking technology continue to influence the future of financial services around the world.

You don't need to visit your bank or bank ATM to keep track of debits and credits in your bank account. With a simple click, you can find out the transactions made during a certain period of time and request statements to be sent to your email inbox when needed.

### CONCLUSION

Today, providing online banking services is becoming an important feature. Many studies show that active users of e-banking services are young, educated and salaried individuals. At the same time, internet banking has significantly increased customer satisfaction, reduced visits to bank branches, reduced customer waiting times, reduced transaction processing fees, and improved banking efficiency. Despite the slow development, online banks are implementing a number of advantages. the future of online banking is likely to be easier and more secure. Technologies such as blockchain are being introduced to reduce fraud and make banking a safer area for consumers. In addition, intelligent bots require the creation and implementation of automation processes. This is expected to eliminate the need for call centers and customer support teams, making banking a highly sophisticated sector in today's digital age.

Banks using digital technologies can save time, reduce operating costs and optimize monitoring, risk management and control methods, as well as offer quality products and services in the market. Customers using digital banking services can reduce the time between transactions and complete them securely. People living in remote areas will be able to use banking services without the physical presence of banks; Differentiating from the competition, stores and services operate with fewer employees, reduce operating costs and standardize internal processes naturally.



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