



## Article

# Analysis of Factors Influencing The Provision of Remote Services by Banks

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**Abstract:** In this study, theoretical foundations, current challenges and international best practice regarding factors that influence the provision of remote banking services is examined. There is a gap in the understanding of the economic mechanisms that ought to be improved to promote banking in commercial banks from a remote perspective. The research utilizes an econometric analysis to identify internal as well as external determinants which have an influence on service provision. This reveals close to a 20 percent increase wherein over 10.4 million users are using bank accounts remotely. Nevertheless, there are regulatory gaps, technological limitations and financial literacy disparities that impede development. The results further suggest that policy interventions, better digital infrastructure and customer education are important to enhancing service quality. These insights will serve to help the financial inclusion and customer satisfaction continue its digital transformation in the industry.

**Keywords:** banking services, bank product, internet banking, bank-client, retail banking services, electronic banking, mobile banking.

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## 1. Introduction

Worldwide, there is a growing focus on scientific research aimed at developing remote services provided by commercial banks, introducing new modern banking services, and improving their quality. Commercial banks are conducting scientific research on service delivery issues, such as expanding remote banking services, enhancing the culture of delivering remote services by banks to customers, as well as expanding remote banking services, improving the culture of delivering remote services to customers, and increasing public trust in banks. They are also focusing on attracting large clients and offering new types of remote services, taking into account their needs and demands, and constantly taking into account customers' opinions while providing services [1].

In Uzbekistan, significant reforms are being implemented in the banking and financial system to develop the activities of commercial banks and increase the trust of economic entities and the population in the banking system. The task of "introducing new financial instruments and issuing bonds, further expanding the scope of banking services, and developing the banking system based on advanced information technologies" has been set in the country [2]. Ensuring the implementation of this task involves scientifically substantiating the opportunities for developing remote banking services in commercial banks, addressing the criteria for providing remote services that are not yet reflected in the bank's strategy, recognizing the significant changes in the types and quality of services provided by banks, establishing cooperation with foreign banks, and developing scientific

proposals and practical recommendations for positively applying international experiences in Uzbekistan [3].

### Literature Review

"The development of technology and techniques in the context of interbank competition opened the way for banks to introduce new modern services in the banking services market." [4]

"Internet banking," as the name implies, is a service based on the transmission of information via the internet [5]. The customer uses a standard internet browser to interact with the bank, which, in turn, allows the system to function as an independent platform, enabling smooth operation on this system with any computer connected to the internet. The operational mechanism itself enhances the universality of internet banking and the speed and efficiency of financial transactions, making it convenient not only for individuals but also for businesses [6].

The remote services provided by banks based on the internet can be expressed through the following:

1. The customer has online access to information regarding their account balance.
2. The customer has the ability to manage the movement of funds in their account.
3. Conducting payment transactions.
4. Monitoring payments.
5. Depositing funds into the account and/or withdrawing money.
6. The ability to transfer funds.
7. Processing of loan applications [7].

"A bank product is a set of interrelated services and operations aimed at meeting the needs of customers in specific types of banking activities through bank services" [8].

The ultimate goal of the fundamental reforms being carried out in Uzbekistan's banking system is to enhance the financial stability of banks, increase competition among commercial banks in the digital economy, and consequently provide modern banking financial services to customers [9].

As full participants in the market, commercial banks are required to change their activities based on the demands of the time, while also serving as the initiators of internal organizational innovation processes. Naturally, these processes are highly complex and should not occur spontaneously. They are part of the overall strategy for developing the banking system and must be carried out according to a plan within the framework of an established innovative strategy [6].

One of our local scholars who conducted research on the remote services of commercial banks, Z.T. Mamadiyarov, believes that "... the development of remote banking services in the banking system is related, firstly, to changes in people's lives and the introduction of new information technologies, and secondly, to the automation of banking operations" [8].

Nowadays, services that can be managed remotely without physically visiting the bank have naturally become a common practice, primarily through electronic devices. As a result, it should be noted that banks have started to refer to "electronic banking" when discussing remote services [10].

"Remote banking service systems for bank accounts are technologies that provide banking services based on instructions given by customers remotely (without visiting the bank). These services are primarily carried out through computer and telephone networks" [11].

Currently, remote banking services are being provided in various forms and types. However, at the same time, it seems appropriate to also discuss the advantages and disadvantages of Online banking [12].

When considering the advantages of online banking, the following points should be noted [13].

Some of the advantages of online banking are that it simply provides the opportunity for remote interaction with the bank, while for others, the competitive advantages are due to the pricing structures offered by online banks. The most important benefits provided by online banking include:

1. 24/7 account registration and service access;
2. Speed and efficiency;
3. Making payments via the internet;
4. Carrying out multiple payments with low costs;
5. Having access to higher interest rates on deposit accounts with low costs.

24/7 access to accounts and services. If you are connected to the internet, you can access online banks 24/7. Some online banks, like Ally Bank, take this benefit one step further by allowing you to contact a real customer service agent by phone 24/7. This can be extremely useful if you don't have internet access or need human assistance rather than a computer algorithm [14].

The main areas of activity of financial literacy centers include, by commercial banks, systematically providing financial literacy, that is, offering advice on economic relations with the bank to the public and entrepreneurs visiting the bank for the first time. This table 1, involves developing clear tactics and strategies, implementing constant monitoring of the tasks defined in these tactics and strategies, providing personalized service to each client, and focusing on discussing the results and achievements of the clients after receiving financial advice [15].

**Table 1.** Main Activity Directions of Financial Literacy Centers:

<b>№</b>	<b>Main directions</b>	<b>Implementation Mechanism</b>
1.	<i>Advice</i>	Providing systematic advice to the public and entrepreneurs on financial literacy, that is, economic relations with the bank.
2.	<i>Tactics and strategy</i>	Developing short-term and long-term plans for financial literacy.
3.	<i>Monitoring</i>	Establishing continuous monitoring of the implementation of the tasks set in the tactics and strategy.
4.	<i>Approach</i>	Focusing on providing services based on a personalized approach for each client.
5.	<i>Result</i>	Discussing with the client the results and achievements after receiving financial advice.

## 2. Materials and Methods

This study uses a qualitative research approach; it analyses the factors for the provision of remote banking services. Secondary sources such as regulatory documents, financial reports and international case studies are used in the research to understand the development of remote banking in Uzbekistan. The study uses content analysis for relevant literature and policy documents to determine what are the key determinants of effective digital banking services. Additionally, statistical information about the deployment of online and mobile banking in Uzbekistan is studied and the trends and the growth patterns of this are highlighted. The research method involves the making of comparative assessment of international best practices in remote banking to learn lessons which are in existence in Uzbekistan's banking sector. In addition, any technological advancements in the field, any challenges in the form of regulations, any consumer

adoption trends, etc. are also looked upon from the point of view of the banking industry. Finally the study looks at the significance of financial literacy and security measures in promoting the success of such remote banking service. The theoretical perspective, was integrated, empirically, with the empirical data for a comprehensive analysis of the remote banking sector. An evaluation of the factors both interior and peer in the provision of remote banking, with a focus on technological infrastructure, regulatory frameworks, customer trust, and cybersecurity risks. The findings are synthesized in the study and recommendations for improving digital banking services in Uzbekistan are proposed. This methodology guarantees a structured and evidential path in the exploration of remote banking actuality and the expected answers for expanding it.

### 3. Results and Discussion

An econometric analysis was conducted with the aim of analyzing the factors affecting the provision of remote services by banks.

The banking system, which is the main branch of the global financial and economic system, has seen an increase in the number of services provided, continuously expanding. The creation of opportunities for remote access to traditional banking services such as deposit collection, payment processing, and loan issuance has marked the beginning of a new era for banks.

As of March 1, 2023, the number of people managing bank accounts remotely exceeded 10.4 million, with more than 699,000 individuals using the "Internet banking" software package. The number of users of "Mobile banking" and "SMS banking" services exceeded 9.68 million, nearly 47 times higher compared to 2013.

The table 2 presents internal and external factors influencing the provision of remote banking services in commercial banks. Internal factors include technological infrastructure, policy development, and marketing strategies, while external factors encompass regulatory frameworks, internet connectivity, and public trust. Addressing these aspects is crucial for enhancing digital banking accessibility and efficiency in financial institutions.

**Table 2.** Internal and external factors affecting the remote services of commercial banks

№	Internal factors	External factors
1.	The bank's provision with information technologies and tools	The imperfection of the regulatory and legal foundations in the field of remote services
	The development of the bank's policy on providing remote services	The existence of external interventions in the banking services sector
2.	The continuous updating of the bank's information technologies and tools	The presence of internet network issues or its failure to function properly in some regions
3.	The establishment of a remote services department (division) in the bank	The insufficient level of financial literacy among the population in the field of remote services
4.	The provision of the bank's remote services department (division) with qualified personnel	The absence of a remote services department in local banks
5.	The correct direction of bank marketing or advertising for remote services	The trust of the population in commercial banks' provision of remote services
6.	The quality and speed of providing remote services	The willingness and desire of commercial banks to use remote banking services
7.	Measures to ensure security in the field of remote services	Measures to ensure security in the field of remote banking services
8.	The level of protection against risks in the field of remote services	Risks in the field of remote services
9.	Abuse of office among bank employees in the	The public's awareness of remote services and

	field of remote services	their types
10.	The lack of modern information technologies in bank branches	The level of effectiveness of remote services
11.	The bank's policy in the development and control of its branch operations	State policy in the implementation and improvement of remote banking services
12.	Preventing losses or creating reserves in the field of remote services, etc.	The provision of internet network coverage in the regions, its quality level, etc.

Remote identification provides an opportunity to attract new customers and develop competition in the financial market by reducing the cost of banking services. As a result, implementing these measures will also stimulate an increase in bank income.

***The quality of banking services is influenced by the following factors:***

1. *Bank stability and reputation*
2. *Volume of bank assets and capital*
3. *Customer base*
4. *Scope and volume of services provided*
5. *Existing branches and prospects for expansion*
6. *Advertising policy*
7. *Qualified specialists and others.*

There are internal and external factors influencing the development of remote banking systems.

***Internal factors include:***

1. *The organizational structure of the services provided by banks;*
2. *Implementation of marketing policies in banks;*
3. *Defining the types and pricing of remote banking services;*
4. *Effective organization of management in banks;*

***External factors include:***

1. *Establishment of regulatory and legal frameworks for remote banking services.*
2. *Risks;*
3. *The usefulness of remote banking services for users;*
4. *Political factors.*

Assigning a unique identification number to individuals is also relevant for the "E-Government" system. The Ministry of Information Technologies and Communications Development is proposing the introduction of a personal identification number as an identifier in information systems.

If customers do not have sufficient skills regarding remote services, the number of direct inquiries to the bank will increase. This, in turn, requires bank employees to spend time dealing with these inquiries.

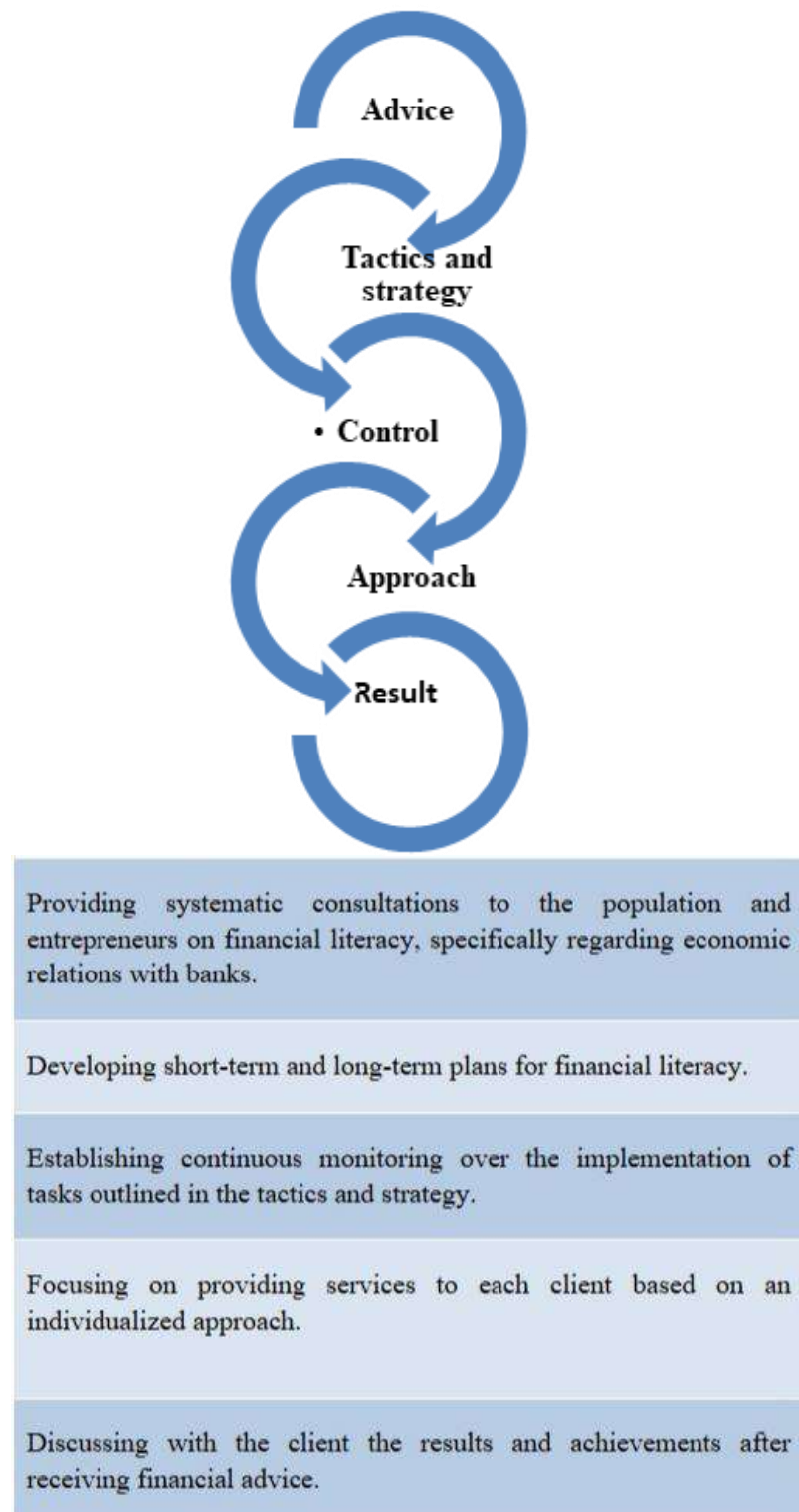
Every commercial bank competes for customers, striving to increase their number. To achieve this, commercial banks utilize various marketing strategies. In addition to increasing the number of customers, commercial banks also aim to expand and improve the scope and quality of the services they provide.

It is worth noting that our proposal to establish "financial literacy centers" in commercial banks, aimed at improving the quality of remote banking services and ensuring the timely repayment of online loans, has been implemented. As a result, the number of customers at JSCB "Uzsanoatqurilishbank" has increased. This, in turn, has contributed to the expansion and enhancement of the scope and quality of the bank's remote services.

Such a framework is depicted; its features outline the structure of the process of financial literacy consultation, including advice, strategic planning, monitoring, individualized client services, and the evaluation of outcomes. According to this, it is oriented to systematic guidance of the individual and entrepreneur on economic relations with the banks, short and long term financial planning, monitoring supervision of the



implementation of the tasks, formed services, as well as assessment of the effectiveness of financial advisory results for optimal decision. (Figure 1).



**Figure 1.** The Process of Financial Literacy Consultation  
**The main areas of activity of financial literacy centers [10]**

As a key activity direction, financial literacy centers should systematically offer advice on economic relations with the bank to the population and entrepreneurs visiting the bank for the first time. This involves developing clear tactics and strategies, ensuring continuous control over the implementation of tasks specified in these tactics and strategies, providing personalized services to each client, and discussing the results and achievements of clients after receiving financial advice.

### Future Directions and Research Opportunities

In the future, an area that needs further development in our country's banking system is the management of mobile banking through bank cards or account numbers via pocket-sized computers, communicators, and smartphones in an online system. This provides the opportunity to work with all types of financial documents. It also creates the possibility of working in teams with encryption mechanisms and digital signatures (EDS).

- a. To widely implement modern information and communication technologies in the relationship between banks and customers, including expanding remote banking services based on digital technologies;
- b. To establish marketing departments in commercial banks aimed at widely disseminating banking services, particularly remote banking services, and ensuring customers are informed about these services;
- c. To ensure the quality operation of internet services throughout all regions of the country and improve internet speeds;
- d. To provide mobile banking and sms banking services for individuals not only through bank plastic cards but also by enabling direct connection to deposit account numbers in banks;
- e. To address the low level of external service provision, which means there is a need to significantly increase the number of bank cards and the equipment that services them (payment terminals, info kiosks, and ATMs) in the regions.
- a. To popularize remote banking services, the following actions would be appropriate:
- f. To widely implement modern information and communication technologies in the relationship between banks and customers, including expanding remote banking services based on digital technologies;
- g. To establish marketing departments in commercial banks aimed at widely disseminating banking services, particularly remote banking services, and ensuring customers are informed about these services;
- h. To ensure the quality operation of internet services throughout all regions of the country and improve internet speeds;
- i. To provide mobile banking and sms banking services for individuals not only through bank plastic cards but also by enabling direct connection to deposit accounts in banks;
- j. To address the low level of external service provision, which means there is a need to significantly increase the number of bank cards and the equipment that serves them (payment terminals, info kiosks, and ATMs) in the regions.

### 4. Conclusion

This study also highlights the importance of digital transformation in expanding remote banking service through a significant increase in adopting the service and thus service expansion. This study also analyzes the external and internal factors that influence the remote banking. It is believed that financial literacy centres, among other strategies, represent a key step in the improvement of service quality and customer engagement. The nature of these implications shows that the banks must give more attention to digital infrastructure enhancement, improve security management, and stay ahead with the pace of changing customer demand. Both policy improvement and strategic marketing represent essential elements needed to develop an inclusive digital banking environment. Future studies should investigate the extended effects of digital banking innovations on financial inclusivity and economic progress, and evaluate the efficiency of arising technologies for instance, artificial intelligence and blockchain in improving distant banking products.

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