

RESEARCH ARTICLE

The Level and Influencing Factors of Mobile Banking Usage in Uzbekistan

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Abstract

This study investigates the level of mobile banking usage in Uzbekistan and identifies the key factors influencing its adoption and customer satisfaction. The research is based on a quantitative survey and secondary data analysis. The findings reveal that service quality, perceived security, ease of use, and trust significantly influence mobile banking usage. The study contributes to the understanding of digital banking development in emerging economies.

KEY WORDS

Mobile banking, key factors of satisfaction, cashless society, cash-based society.

INTRODUCTION

In recent years, mobile banking has become one of the most important components of digital transformation in the financial sector. Uzbekistan has also experienced rapid growth in digital banking services due to technological advancements and government reforms. In today's rapidly developing world, it would not be an exaggeration to say that abandoning cash and using digital money has already become an important trend across the globe. Many developed and developing

countries are emphasizing the concept of a "cashless society" and are replacing paper currency and coins with electronic payment systems. This transformation brings both advantages and disadvantages. However, it should be noted that living in a cashless society is generally considered more beneficial than relying on cash transactions. The reasons for this can be illustrated in the following diagram.

Cash-based economy	Cashless society
- requires physical cash for transactions	- uses digital payments (cards, mobile apps, qr codes)
- slower transaction process	- instant and fast transactions
- high risk of theft or loss	- enhanced security through encryption and authentication

- difficult to track and record transactions	- fully traceable and transparent transactions
- limited access in remote or rural areas	- accessible via smartphones and internet
- high costs for printing and handling cash	- lower operational and transaction costs
- vulnerable to physical damage (fire, loss)	- vulnerable to cyber threats and hacking
- hard to monitor financial activities	- easy monitoring, analytics, and reporting

According to the explanatory dictionary of the Uzbek language, the word “bank” (Bank I) originates from the French word “banque” and the Italian word “banco”, meaning a moneychanger’s bench or counter.

It also refers to a financial institution that collects temporarily available funds, provides loans (credits) to enterprises, carries out cashless transactions, issues credit resources into circulation, and performs other related financial activities.

According to the dictionary, there are also related terms such as “state bank,” “national bank,” “people’s bank,” and “banking operations.”

In addition, the word “bank” can also be used in another sense, particularly in card games, to refer to the money or stake placed at the center of the game [2.159].

Mobile banking is a modern method of accessing banking services through a mobile phone using the Internet. This approach enables users to manage their bank accounts remotely and allows them to perform almost all internet banking operations. With the help of mobile banking, customers gain access to a wide range of opportunities.

The main objective of this research article is to analyze the level of mobile banking system in my country, Uzbekistan as well as several key factors influencing its adoption.

Between 2020 and 2025, the number of users of remote banking services increased almost sixfold, indicating a significant shift toward digital financial services. Mobile banking plays a key role in improving financial inclusion, service accessibility, and customer satisfaction. However, the level of adoption and the factors influencing customer behavior in Uzbekistan still require deeper academic analysis.

LITERATURE REVIEW

It is well known that customer satisfaction is mainly related to the quality of banking services. High-quality services increase customer trust and loyalty, which ultimately improves bank performance later on. Any kind of research on digital banking in our country, Uzbekistan, highlights that customer experience depends on usability, accessibility, as well as service efficiency.

Globally, some models suggest that perceived usefulness and ease of use are the main factors influencing mobile banking adoption. Security and trust are also critical variables affecting users’ behavior. Furthermore, recent studies emphasize that fintech development and mobile applications significantly enhance customer engagement and satisfaction.

Research findings indicate that a digital bank is understood as a bank or its subsidiary unit that delivers banking services remotely through the use of innovative banking technologies, without providing traditional cash desk services. This definition applies not only to a specific service format but also to an entire bank or one of its branches. In this context, digital banking should be interpreted as an integrated set of software and technological solutions designed to provide banking products and services to customers in an online environment.

According to A.A. Gontar, digital banking represents a new form of interaction between a bank and its clients. In his view, it embodies innovations in the field of financial services for both individual consumers and commercial clients, particularly within the framework of digital, informational, and technological strategies.

In their research, Suchat Tungjitnob, Kitsuchart Pasupa, and

Boontawee Suntisrivaraporn emphasize the significance of mobile banking. They note that customers are able to perform banking transactions instantly, regardless of time and location, through banks' mobile applications. Moreover, mobile banking reduces the costs associated with expanding physical branch networks. Banks also benefit from such applications by obtaining and analyzing valuable customer data.

Studies conducted in developed countries have demonstrated that electronic banking reduces operational costs and, consequently, generates substantial benefits for banks. In addition, digital banking creates broader opportunities for revenue generation by introducing supplementary non-interest income sources. The implementation of convenient and efficient electronic banking services and products has also enabled banks to attract prospective customers, thereby increasing their market share.

In the legal framework of Uzbekistan, the concept of a digital bank was introduced for the first time in 2018. Specifically, the first clause of the Regulation "On the Procedure for Registration and Licensing of Banks" provided a formal definition of this concept. According to this provision, a digital bank is a bank or its structural subdivision that delivers banking services remotely through innovative banking technologies without offering cash desk services. The remote provision of banking services by digital banks is carried out in accordance with the bank's internal regulations and in compliance with the requirements of current legislation.

METHODOLOGY

This study uses a quantitative research approach based on data collection. Some methods which have been used to research are descriptive statistics, correlation analysis and regression analysis

RESULTS AND DISCUSSION

The results indicate that mobile banking usage in Uzbekistan is steadily increasing due to the expansion of digital services and mobile applications. Studies show that mobile banking users grew rapidly due to fintech development and improved accessibility of banking services.

According to calculations by analysts at Boston Consulting Group, other developing countries lag behind leading economies in the field of the digital economy by an average of 8 to 10 years. However, if no effective measures are undertaken, this gap may widen to as much as 15 to 20 years

within the next 3 to 5 years. Within the framework of the "Industry 4.0" concept, this indicator is regarded as one of the key criteria for assessing the investment attractiveness and competitiveness of a national economy.

At present, the banking sector worldwide has entered an intense stage of competition in the sphere of digital transformation. In particular, global banks planned to invest USD 9.7 billion in 2018 in order to expand digital banking capabilities. In many commercial banks, the development and enhancement of online and mobile banking platforms are considered more important than increasing the number of conventional branches and ATMs.

International practice demonstrates that banks are increasingly recognizing the practical value of investment in digital technologies, especially in terms of attracting customers and enhancing customer satisfaction. For example, Bank of America reportedly attracted more deposits through online channels than through traditional bank branches. According to the bank's Chief Executive Officer, Brian Moynihan, investment in digital banking services contributes significantly to meeting customer needs more effectively.

Indeed, the concept of a "digital bank" developed rapidly in European countries during the period from 2015 to 2020. In order to provide customers with more convenient, efficient, and beneficial services, digital banks make extensive use of advanced digital innovations.

Regrettably, according to data from the World Economic Forum, Uzbekistan ranks among the lower positions with regard to this indicator. For this reason, one of the most urgent tasks is to ensure the large-scale implementation of the digital economy within the national economy in order to overcome the negative consequences observed in the financial sector. The adoption of digital banking methods, the strengthening of economic security, and particular attention to the development of mobile systems are all of considerable importance for the sustainable development of financial markets and the banking system.

Following the issuance of Presidential Decree No. PF-5296 of the President of the Republic of Uzbekistan, entitled "On Measures to Radically Improve the Activities of the Central Bank of the Republic of Uzbekistan," the banking system was entrusted with the task of establishing digital banks and banking divisions specializing in retail banking services, as well as further expanding the quality and scope of customer service

through the use of innovative banking technologies.

Uzbekistan is developing rapidly and plays a vital role in the modernization of the banking sector.

CONCLUSION

All in all, this study concludes that mobile banking in

The most influential factors include:

Ease of use
Trust and security
Service quality

Banks should focus on improving user experience, strengthening security systems, and developing innovative digital solutions to increase customer satisfaction and usage levels.

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