

THE PLACE AND IMPORTANCE OF PLASTIC CARDS IN THE SYSTEM OF FINANCIAL SERVICES

Ashurova Oltin Yuldashevna

Senior Lecturer at the Samarkand Institute of Economics
and Service

Tursunova Bahora

4th year student



Annotation: *This article analyzes the place of plastic cards in the modern system of financial services, their types, advantages, security issues and development trends. In particular, the importance of plastic cards in cashless settlements, electronic payment systems and digitalization of the economy is highlighted. The article presents the state of use of plastic cards in Uzbekistan, existing problems and proposals for improvement.*

Keywords: *plastic card, electronic payments, banking system, financial services, security, digitalization, cashless economy.*

Introduction. In the XXI st century, the digitalization of payment systems has become an important stage in the development of financial technologies. In particular, payments and services made through plastic cards provide not only convenience, but also security, speed and accountability. Plastic cards are widely used in the daily lives of individuals and legal entities as an integral part of the modern banking system. This industry is also developing steadily in Uzbekistan.

Plastic cards are the foundation of the digital economy, providing convenient, fast and secure payments in the financial system; they contribute to the remote provision of services, increasing security, modernizing banking infrastructure, developing fintech, and allowing customers to use a wide range of banking services through mobile applications.

Role in the financial services system:

- The main means of digital payments: Encourages cashless payments, contributes to the growth of e-commerce and online services.

- Expanding remote services: Allows you to perform banking services (transfers, settlements, loans, etc.) without visiting a physical branch, through mobile applications.

- Improving customer service: Creates convenience, reduces waiting times.

- Integration of banking infrastructure: Facilitates interbank and international payments, ensures the integration of financial technologies.

Importance:

- Economic growth: Reduces cash flow and increases the transparency of the economy.

- Innovation: Stimulates the development of Fintech and digital banking services.

- Security: Protects transactions through security systems (PIN code, 3D-Secure, SMS notifications).

- Convenience: Makes it quick and easy to pay in stores, online, and for services.

In short, plastic cards are an integral part of the modern financial ecosystem, simplifying transactions, expanding access to financial services, and contributing to the development of the digital economy.

Types of plastic cards

Plastic cards are divided into the following according to their function and use:

- Debit cards - the client uses his own funds (for example, UzCard, Humo)
- Credit cards - used on the basis of a credit line allocated by the bank
- Kobejing cards - international and local systems are combined
- Virtual cards - a digital card designed for online payments

Advantages of plastic cards

- Possibility of cashless payments

- Security: PIN-code, biometric protection
- Monitoring: tracking payment history
- Incentives through promotions and cashbacks
- Ease of management through online banking

Security issues with plastic cards

- Phishing attacks, fraud and data theft
- Risk of disclosing or transferring PIN-code to strangers
- Restrictions on working abroad
- Incorrect use of QR code or NFC technology

Status of plastic card use in Uzbekistan

- UzCard and Humo systems are the main national payment systems
- The share of online payments has increased significantly in recent years
- Card trade is developing rapidly among small businesses
- There is a shortage of POS terminals in rural areas

Proposals for development

- Popularization of card management through mobile applications
- Implementation of user training to improve security
- Strengthening integration with foreign cards
- Subsidizing the introduction of terminals in small points of sale

The most popular plastic cards in the world and their advantages and rules for using them: When it comes to world-renowned operators such as VISA, they are mainly “friendly” with foreign shops and boutiques, large hotels, as well as expensive and more foreign-oriented restaurants. Among local services, it is possible to register for the purchase of airline tickets on Uzbekistan Airways, which you can do with VISA.

It is more important to discuss areas where transactions cannot be made without a card. Such areas include mainly remote areas of trade, that is, online purchases, subscriptions to electronic services, etc. However, there are also interesting examples.

For example, with a VISA card, you will have the opportunity to contribute to good causes: you will be given access to the largest charitable foundations on the planet or to socially useful online projects such as WikiMedia.

VISA includes more than a dozen card options. One of the most popular options is debit cards - a simple and transparent solution that repeats the functions of paper money without additional credit services. Our bank offers its customers three types of such cards: the basic VISA Electron, the standard VISA Classic and the status VISA Gold. Now we will dwell on each of them in more detail.

VISA Electron is one of the simplest cards in the debit line. It is popular in the CIS as a means of payment on the Internet, since it does not provide for additional functions, and the service is, accordingly, cheaper. Although it is also possible to withdraw cash with VISA Electron, due to the high level of control it is issued more often to customers with zero or limited banking history. This is an excellent option for those who make purchases via the Internet and do not plan to travel abroad yet.

VISA Classic is an optimal card with a wide range of useful services. It can be used both in the network and at terminals, and for transactions at ATMs. In addition, starting with this card, partners will offer even more offers, such as discounts in cafes and restaurants, cashbacks or hotel room reservations. VISA Classic is probably the most suitable option for many people who are familiar with the principles of plastic cards and plan infrequent trips, for example, business trips. At the same time, our bank delivers newly opened VISA Classic cards free of charge; to do this, you must indicate the appropriate address when registering the card at one of our branches. VISA Gold is presented as a card with an emphasis on the level of service. Its annual fee is more expensive, but its high loyalty to its holder around the world is appreciated by many. In addition, VISA Gold has exclusive services such as international support in legal matters and medical insurance. This is an excellent option for citizens who actively work with foreign partners and travel frequently.

Conclusion. Plastic cards today have become not only a means of payment, but also an integral element of financial management, consumer culture and economic security. For Uzbekistan, which is moving towards a digital economy, the widespread introduction of these tools is a key indicator of modern financial infrastructure. Systematic work and technological innovations in this area will have a positive impact on economic growth.

Proposals (practical approaches):

First: Creating a single national digital payment ecosystem:

By integrating the Uzcard and Humo systems into a single integrated digital platform, it is possible to reduce technical problems and improve the quality of services.

Second: Strengthening cybersecurity:

Banks need to introduce blockchain technology, artificial intelligence-based monitoring and real-time transaction control systems.

Third: Increasing the financial literacy of the population:

It is necessary to organize permanent training companies on the safe use of plastic cards and protection against online fraud.

Fourth: Expanding regional infrastructure:

It is necessary to increase access to financial services by increasing the number of POS terminals and ATMs in rural areas.

Fifth: Developing cashback and digital loyalty programs:

It is recommended to widely introduce bonus systems on cards to encourage cashless payments.

References

1. Bulletins of the Central Bank of the Republic of Uzbekistan – www.cbu.uz
2. “Financial Services and Payment Systems” – T. Rakhimov, 2022
3. www.uzcard.uz – Official UzCard website
4. www.humo.uz – Humo payment system portal

5. Resolution of the President of the Republic of Uzbekistan “On the Development of a Cashless Economy” in 2020.