



THE ROLE OF BANKING SERVICES IN INCREASING THE INCOME OF COMMERCIAL BANKS

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Abstract. This article examines the importance of expanding and diversifying banking services in enhancing the profitability of commercial banks. In the context of a rapidly changing financial environment and growing customer demands, banks are required to introduce innovative services, strengthen digital banking, and improve the quality of customer-oriented financial products. The study highlights the main types of banking services that directly influence income growth, such as lending, deposit services, investment activities, digital solutions, and fee-based services.

Keywords: commercial banks, banking services, profitability, digital banking, financial products, income growth.

In today's global economy, the role of commercial banks extends beyond traditional deposit-taking and lending activities. Competition, financial liberalization, and technological advancements have significantly reshaped the banking sector. One of the key determinants of a commercial bank's profitability is the range and quality of services it provides. By diversifying their portfolio of services, banks can attract a larger customer base, increase revenue streams, and reduce financial risks.

Banking services represent the core activities through which commercial banks generate revenue. These services can be categorized into several major groups:

- Lending Services. Loan issuance remains the primary source of bank income. Interest earned from consumer loans, business loans, and mortgages forms a significant part of total revenue. Expanding credit portfolios while maintaining credit risk management ensures stable income growth.

- Deposit Services. Accepting deposits from individuals and organizations not only ensures liquidity but also provides a low-cost source of funds for lending activities. Banks may also generate income through service fees, account maintenance charges, and deposit-linked products.

- Fee-Based Services. Modern commercial banks are increasingly relying on non-interest income. Services such as payment transactions, remittances, trade financing, credit cards, and advisory services bring in commission-based revenue, which strengthens profitability.





•Investment and Asset Management. Many banks invest in securities, government bonds, or manage portfolios for clients. Such activities diversify income sources and allow banks to benefit from capital market opportunities.

With the rise of fintech solutions, mobile banking, internet banking, and e-wallets have become major tools for customer acquisition. These services reduce operational costs while increasing the convenience and efficiency of financial transactions.

The introduction of innovative banking services directly affects customer satisfaction and retention. For instance, offering personalized digital solutions, financial advisory services, or new payment systems increases customer loyalty and encourages cross-selling of products. Furthermore, adopting artificial intelligence, blockchain, and big data analytics improves efficiency, reduces risks, and creates new income channels.

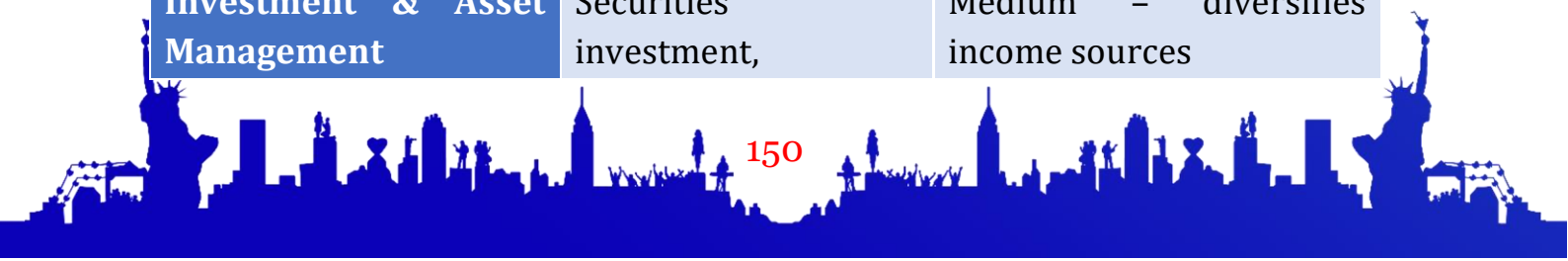
While service diversification increases profitability, it also presents challenges:

- Regulatory constraints may limit certain investment or lending activities.
- Technological risks such as cybersecurity threats must be managed.
- High competition requires banks to continuously innovate to retain customers.

Despite these challenges, the benefits of expanding and modernizing banking services outweigh the risks, making it a critical strategy for commercial banks.

Table 1. Main Sources of Income from Banking Services

Type of Banking Service	Examples	Contribution to Bank Income
Lending Services	Consumer loans, business loans, mortgages	High – major share of interest income
Deposit Services	Savings accounts, fixed deposits, certificates of deposit	Medium – ensures liquidity, generates service fees
Fee-Based Services	Payment transactions, remittances, trade financing, credit cards	Growing – provides commission-based revenue
Investment & Asset Management	Securities investment,	Medium – diversifies income sources





	government bonds, portfolio management	
Digital & Online Banking	Mobile banking, internet banking, e- wallets	Increasing – reduces costs, expands customer base

The income of commercial banks largely depends on their ability to provide diverse, high-quality, and innovative banking services. Lending, deposits, fee-based services, investment activities, and digital banking together form the backbone of bank profitability. In an era of rapid financial transformation, banks that strategically expand their service offerings and adopt advanced technologies will not only increase their income but also strengthen their position in the competitive financial market.

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