

# Basic Principles of Using Bank Plastic Cards and International Payment Systems in Uzbekistan

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**Annotation:** This article describes the analysis of the use, shortcomings and achievements of bank plastic cards in the Republic of Uzbekistan

**Keywords:** Mastercard, Visa, UZCARD, Humo, Mir, UPI, international payment systems, payment amount, US dollars, soums, co-payments, commissions.

In the experience of developed countries, it is known that the use of international VISA and MASTERCARD cards is not limited. Customers open only one bank card in their daily life and all payments are made through this bank card. However, in Uzbekistan, soum and currency cards are opened separately.

In Uzbekistan, local payments have exacerbated the problem of using international cards for certain segments of the population following the popularity of the use of separate HUMO or UZCARD cards. The population of our country traveling abroad was offered MASTERCARD, VISA, UPI, MIR cards in US dollars by commercial banks. The reason is that the problem of currency conversion in our country has been a problem for many years, so it was not possible to deduct payments in foreign currency through cards in our soums.

Customer needs were partially met as a result of the introduction of US dollar cards, which are represented on UPI, MIR, MASTERCARD, VISA cards, for various payments in foreign currency.

If we look at the experience of countries such as Russia or Kazakhstan, for many years their population has been able to use MASTERCARD or VISA cards for payments and payments used in everyday life. Such cards allow for so-called international status in their own country, but also in the currency of the country of their choice, without the need to open an auxiliary card. Calculations are made in the same way as the currency of the country visited by the client (eg ruble, dollar, Turkish lira, or euro). The cost of payment is converted by international payment systems and the commercial bank that issued the card and deducted from the customer's account.

It should be noted that at the beginning of the XXI century, Uzpromstroybank canceled about 700,000 VISA cards, which can be used only in Uzbekistan, due to the inability to use them abroad.

Today, it is gratifying that the policy of currency conversion in our country has changed. Now MASTERCARD and VISA international cards in local currency, as in Russia or Kazakhstan, are now available for public use. In our country, equal use abroad has made it possible to exchange payments made abroad and withdraw money directly from customers' accounts in



soums. As a result, payment institutions began to offer co-payment cards began to offer. Kobejing card is a universal card accepted for payment in UnionPay infrastructure in Uzbekistan and 170 countries around the world. At the same time, when shopping abroad and making online payments online, the national currency is instantly converted into foreign currency. These conveniences of Kobejing cards are convenient for customers visiting from abroad. Customers will not have to open a card in foreign currency, they will be able to use a new card in soums abroad. Various district commissions paid by commercial banks through international payment systems, such as the fee required to issue a single card in international payment systems, payments from participating commercial banks, fees for joining international payment systems, and regular quarterly payments, as well as server, communication channels, certification, and other costs, among other things, have a direct impact on the cost of banking services, which means that co-payment cards make services more expensive. However, this map will need to be made available based on the needs of the current population. In the field of trade and services, the commissions of the payment system also differ well. For example, a local business entity currently charges a 0.2% commission for payments made by terminals in the HUMO or UZCARD systems. If we look at MASTERCARD or VISA systems, the interchange fee ranges from 0.75% to 1.75%. Well, a commercial bank will have to charge a commission of more than 1.75% from commercial enterprises to cover this fee. According to a special procedure for Uzbekistan, currently the international payment system VISA can pay 1% of the commission to commercial enterprises, and the rest to the cardholder of a foreign bank. In any case, they take on commissions set up by international payment systems. In Uzbekistan, there are no such commissions in the national payment systems. Services that are usually assigned to HUMO or UZCARD cards are cheaper than co-payment cards.

**Conclusion.** At the request of customers, bank customers who want to enjoy a number of benefits when visiting foreign countries, can choose co-payment cards at an additional cost. But if you do not want to visit abroad, customers can choose to use HUMO or UZCARD cards. In addition, our country has the opportunity to order and use international cards that are not connected to the local systems used in US dollars. One of the first reforms implemented in the country for the development of tourism is the free use of MASTERCARD, VISA, MIR and UPI payment cards.

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