



Journal Website:
<https://theusajournals.com/index.php/ijmef>

Copyright: Original
content from this work
may be used under the
terms of the creative
commons attributes
4.0 licence.

THE ROLE OF COMMERCIAL BANKS IN THE ECONOMY OF THE REPUBLIC OF UZBEKISTAN

Submission Date: June 16, 2024, Accepted Date: June 21, 2024,

Published Date: June 26, 2024

Crossref doi: <https://doi.org/10.37547/ijmef/Volume04Issue06-06>

Yormonqulova Nargiza Ikromjon qizi
Qo'qon Universiteti o'qituvchisi, Uzbekistan

ABSTRACT

Commercial banks provide trade finance services such as letters of credit and bank guarantees that facilitate international trade. In addition to financing, commercial banks in Uzbekistan also play an important role in promoting financial inclusion. They offer a range of financial products and services to individuals of all income levels, including savings accounts, debit cards and personal loans. It will help promote financial literacy and inclusion in the country. Commercial banks also make a significant contribution to the growth of the economy by attracting savings of the population and business entities. They pool these funds and allow them to be used for investment in various sectors of the economy. This will help stimulate economic growth and development.

KEYWORDS

Commercial bank, central bank, internet banking, SMM banking, gross domestic product, stock exchange, banking services, market relations, credit, investment, liquidity, crisis period.

INTRODUCTION

In the conditions of market relations, the activities of commercial banks are distinguished by their wide

scope. That is, as a financial intermediary in the market, it actively participates in the redistribution of capital by

sectors and regions and economic subjects. At the same time, the role of commercial banks as financial intermediaries affects the restructuring of economic sectors depending on the objective consumption of production for the effective development of the economy. Today, the improvement of personnel management in commercial banks serves to increase the number of new types of financial services and expand the field of activity. Many people have simple ideas about commercial banks. They think of it as a place to save money, make time deposits, sign up for a credit card, or get a loan, but commercial banks have a highly regulated system that connects them to the broader financial system. A bank is a building, people, processes and services - a mechanism for raising more capital and distribution that the management and board of directors believe will generate the best returns. By effectively allocating capital, the bank will make more profit and the stock price will increase. In this regard, the bank provides services to the above-mentioned consumer. Temporarily free money in society attracts funds on the basis of appropriate conditions. It provides funds to businesses and residents in need of additional financial resources on the basis of repayment, term and security.

Literature analysis

A number of foreign and domestic scientists and researchers worked to determine the place of commercial banks in the economy. Studying their work

enriches the literature review part of our research. We will consider some of these studies.

According to Dilmurod Mamasalievich's research, the practice of providing consumer loans was thoroughly studied by economists and necessary scientific conclusions were formed.

It was explained that in 2018, a total of about 15.4 trillion soums of loans were allocated, of which the share of consumer loans was 52.6 percent, and in 2019, this figure decreased to 42.0 percent. According to this statistical analysis, banks' consumer loans in order to improve its practice, it is necessary to solve the following problems: - lack of reliable information about the credit history of prospective borrowers; - failure to improve the system for assessing the creditworthiness of consumer credit recipients; it was determined that the supply of consumer loans is insufficient

Dilmurod Mamasalievich's research shows that as the amount of consumer credit increases, the income level of the population increases and the bank's resource base is strengthened.

According to this study, it was found that the allocation of consumer loans is very important in the activity of commercial banks of Uzbekistan.

Decision of the President of the Republic of Uzbekistan "On additional measures to increase the popularity of banking services" dated 23.03.2018. No. PQ-3620, it should be noted that the necessary legal and legal framework for its implementation has been formed, practical economic incentives and innovations and

preferences have been created for its active development, the licensing system has been significantly simplified and liberalized, and the modernization of the banking system is complete.

The main purpose of the research is aimed at the development of "Internet banking" and "Sms banking". at his place of work or in other convenient conditions:

- transfer of payments;
- monitoring the stages of payment;
- we see that all operations, such as receiving all reports, are made available at any time. It is assumed in the study that through Internet banking, the client can connect to the bank's website from his workplace and see the money coming into his account, prepare money transfers and send them to the bank, which makes it convenient for clients.

According to the research of Dr. Mritunjay Kumar Manish, the role of commercial banks in economic growth depends on their role as financial intermediaries. The main objective of this study is to critically analyze the role of commercial banks in economic growth in India. This study shows how credit and loans affect the gross domestic product (GDP) and consequently the rate of economic growth in India. It also helps to increase the level of employment which contributes to the economic development of the country. .

Several scholars have studied the relationship between commercial banks and economic growth. Kalpana and

Rao believe that the measurement of economic growth is difficult to answer. Because developed countries combine the three component indicators of the economy, commercial banks affect the economy through the growth and decrease of credit and investments. Commercial banks are the key to the economy (Ananwude and Okoye)"

Levine St. Paul (1997) added the importance of liquid assets of commercial banks. Economic growth and financial improvement of Banks increases due to activities such as stock marketing and economic management. At the same time, the increase of banks emphasizes the importance of their place in the economy. It is important to increase financial investments in banks for the realization of economic development. Smith (1991) asserts that this is because customers are encouraged to invest their savings in the economy and this is an incentive to realize economic growth.

Angela Romana, Alina Kamelia Sargub Central and Europe countries have studied the increase and decrease in the level of liquidity of banks and the impact on the country's economy.

The strategies carried out by banks are considered a factor affecting the increase or decrease of their liquidity level. During the crisis, the policy of banks is mainly risk-taking.

Methodology. We selected the necessary variables for the statistical analysis of our research within the framework of the banks of Uzbekistan; We selected

the total number of banks, allocated loans, deposited deposits (2017-2021) and studied the impact of commercial banks on the economy of Uzbekistan in these periods. Accordingly, the number of total banks in Uzbekistan, total capital, allocated We studied 5-year statistical data on loans and deposits.

RESULTS

According to the situation in 2017, there were 28 banks in Uzbekistan, the total capital of which was 23,725 billion soums. The amount of allocated loans was 110.6 trillion soums. Deposits made amounted to 59.6 trillion soums. An increase in the amount of deposits and

allocated loans to commercial banks will lead to a further increase in business activity and an increase in the income of the population. In 2017, the gross domestic product (GDP) of the Republic of Uzbekistan at current prices exceeded 249.13 trillion soums, and at the end of 2017, the GDP per capita was 7.69 million soums. According to the schedule, the number of banks in 2021 was 33, and the total capital increased to 70918 billion soums, allocated credit increased to 326.4 trillion soums, and deposits increased to 156.2 trillion soums. In 2021, the volume of GDP in Uzbekistan was 734.6 trillion soums or 69 billion dollars.

Table 1

The total number of commercial banks in the Republic of Uzbekistan, capital, allocated loans and deposited deposits

Years	Banks Total number	Total capital	Allocated loans	Deposits
2017	28	23725mlrd soum	110.6 trln soum	59.6 trln soum
2018	29	26679 mlrd soum	167.4 trln soum	70 trln soum
2019	30	51031 mlrd soum	211.6 trln soum	91 trln soum
2020	32	58351 mlrd soum	277 trln soum	114.7 trln soum
2021	33	70918 mlrd soum	326.4 trln soum	156.2 trln soum

It can be seen that the number of banks has increased by 0.16% in 5 years, the total capital has increased by 3.4 times, the volume of allocated loans has increased by 2.9 times, and the volume of deposits has increased by

2.6 times. This, in turn, contributes to the growth of entrepreneurship. The main part of these indicators is 19.5 trillion in January-December 2021 at the expense of loans from commercial banks and other debt funds.

soums of investments in fixed capital were absorbed and amounted to 110.9% compared to 2020. The share of investments absorbed at the expense of commercial bank loans and other debt funds in the total investments in fixed capital in the Republic is the same as in 2020. increased by 0.4 percentage points compared to the indicator and made 8.0%.

It is being studied that the income level of the population of our Republic is increasing, the resource base of commercial banks is strengthening, and the interest rates of loans are decreasing, which allows the population to use consumer loans of commercial banks.

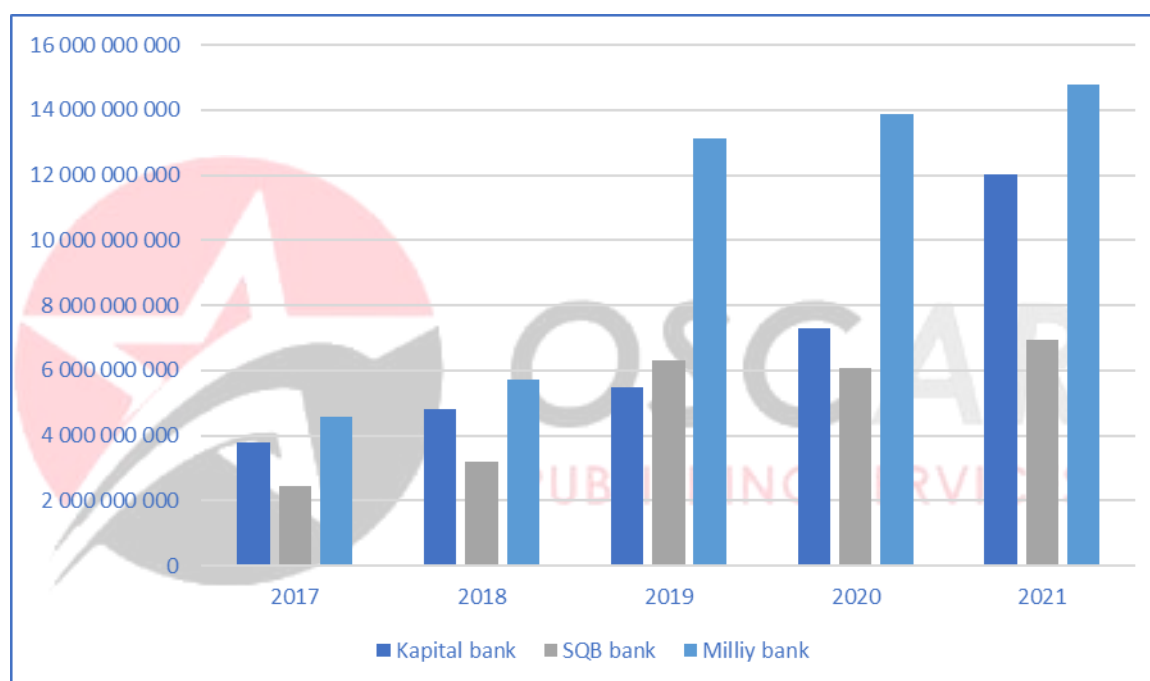


Figure 2. Total capital of banks in 2017-2021

According to this table, in 2017, the total capital of SQB Bank was 2,463,380,580 soums, and in 2021, it reached 6,944,601,000 soums, i.e. it increased by 35%. It can be seen that SQB Bank has grown significantly over the past 5 years. In 2017, the total capital of Capital Bank amounted to 3,780,366,069 soums. In 2021, this figure reached 12,012,857,604 soums. It can be seen that the

total capital of Kapital Bank increased by 31% over 5 years. The total capital of the National Bank in 2017 was 4,588,065,865 soums. This indicator has reached 14,768,714,040 soums by 2021. From this we can see that the total capital of the National Bank increased by 31% in 5 years. Among these 3 banks, the capital of the National Bank was the largest in 5 years, its capital was

14,768,714,040 soums. The increase in these indicators of banks indicates that the income of the population of the Republic of Uzbekistan has increased. According to the results of our analysis, the role of commercial banking in the economy is very large and important.

CONCLUSION

Commercial banks of the Republic of Uzbekistan play a decisive role in the country's economy. They act as intermediaries between savers and borrowers, facilitating the flow of funds and promoting economic growth.

Commercial banks in Uzbekistan contribute to financial inclusion by providing access to banking services to individuals and businesses throughout the country. It helps stimulate savings, investment and entrepreneurship, which are necessary for economic development.

In recent years, Uzbekistan has implemented serious reforms aimed at increasing the stability and efficiency of the banking sector. As a result of these reforms, competition has increased, risk management practices have improved, and modern banking technologies have been introduced.

Lending activities of commercial banks support various sectors of the economy, including agriculture, production, construction, small and medium-sized enterprises. By providing loans and credit, banks contribute to business expansion, job creation and overall economic growth.

The government of Uzbekistan has implemented a policy of encouraging crediting of priority sectors and supporting strategic sectors. This encouraged banks to invest in key sectors such as infrastructure development, energy and export-oriented industries, thereby encouraging economic diversification.

REFERENCES

1. Angela Roman. (2015) "Bankning o'ziga xos omillarining tijorat banklari likvidligiga ta'siri. Procedia Economics and Finance Volume 20, 2015, Pages 571-579
2. D.Kasimov (2021) "O'zbekiston tijorat banklari faoliyatida iste'mol kreditlarini tutgan o'rni".Oriental Renaissance: Innovative, educational, natural and social sciences
3. Hamed Ahmad Almahadin (2020) "Bank sanoati rivojlanishining ta'siri Iqtisodiy o'sish: Iordaniyada empirik tadqiqot"
4. Levine Sent-Pol (1997)), "Tijorat banklari likvidli aktivlar muhimligi" Journal of the American Psychoanalytic Association
5. Mercy Ada Anyiwe. (2019) "Tijorat bank krediti va Nigeriyada iqtisodiy o'sish."ProQuest
6. Phuc Tran Nguyen (2022)"Bank sektori rivojlanishining iqtisodiyotga ta'siri O'sish ;Vetnamning o'tish davri iqtisodiyoti misoli " Risk and Financial Management
7. Saini Priyanka Sindhu Jyoti (2021) ".Hindistonning iqtisodiy rivojlanishida tijorat bnakining ro'li." Indian Juornals.

8. Saymon X Kvan (2006) “Gonkongdagi tijorat banklarining X- samaradorligi” Journal of Banking & Finance Volume 30, Issue 4, April 2006, Pages 1127-1147
9. To‘layev Safarmurod Boymuhammad o‘g‘li (2022) “Inavatsion bank xizmatlarining ahamiyati va omillari”. Scientific journal Scholar Volume, Issue
10. <https://cbu.uz/uz/statistics/>
11. <https://nbu.uz/>
12. <https://www.kapitalbank.uz/>
13. <https://www.sqb.uz/>
14. <https://cbu.uz/uz/credit-organizations/banks/>



OSCAR
PUBLISHING SERVICES