

WAYS TO DEVELOP THE ACTIVITY OF COMMERCIAL BANKS OF UZBEKISTAN IN THE FUND MARKET

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ABSTRACT

Securities transactions are one of the main types of operations of commercial banks. Therefore, the development of banks' operations with securities is one of the necessary conditions to ensure their liquidity and financial stability. The article identifies the problems associated with the development of securities operations of commercial banks and develops scientific proposals to address them.

KEYWORDS: *Commercial Bank, Central Bank, Issuer, Investor, Intermediary, Stock Market, Securities, Stock, Bond, Certificate Of Deposit, Fund Certificate, Issue.*

INTRODUCTION

It is well known that in a market economy, commercial banks, as an important financial institution, play an important role in financing sectors of the economy by attracting free funds under certain conditions, mutual settlements between entities, increasing incomes. At the same time, it is important that the effective organization of the activities of commercial banks in the stock market, the full functioning of the above aspects. In international banking practice, commercial banks are not only a financial institution engaged in investment and issuance operations in the securities market, but also a "financial channel" that attracts and relocates financial resources of investors, especially the population, to this market. "In today's world, the stock market is one of the most developed trading platforms, in which more than a thousand companies participate every day, and individuals invest in this market for economic gain. [1]."

In recent years in the process of modernizing the economy, the government has paid special attention to strengthening the participation of commercial banks in the stock market of the country, further increasing the level of their capitalization and stability. In order to further increase the level of capitalization and stability of commercial banks in the country, government decisions to increase their assets and total capital serve to increase the participation of banks in the financial market.

LITERATURE REVIEW

The research is divided into several areas of study of the activities of commercial banks in the securities market, including: conducting their own operations with securities and risk management in the securities market, investment strategy of banks, portfolio formation, analysis and evaluation (Burgazliev, 2018; Yashenko, 2019); to carry out the activities of banks as trade intermediaries,

brokers and dealers (Gorlovskaya, 2008; Zayseva, 2014); certain activities of commercial banks in the stock market, such as underwriting of banks' own securities on the organized market, depository operations, operations with futures and derivative financial instruments, issuance of their own securities by commercial banks (Yakovlev, 2009; Yakunin, 2010; Dubrovik, 2013; Fedorenko, 2014; Lanseva, 2015; Mikhaylova, 2017; Zavgorodnyaya, 2018); Comprehensive analysis of the activities of commercial banks as issuers, investors and professional entities of the securities market (Jidkova, 2016). Zavgorodnyaya and Adjieva (2018) note that bank securities are second only to government securities, and the capital of commercial banks should provide a high rating of bank securities. Modern investors buy securities to earn extra income or to participate in the management of banks [2-18].

N.M.Giblova studied the interaction between the stock market, commercial banks, and the real sector of the economy. It shows that the real sector of the research economy - the issuer of securities as a consumer of investment resources, the primary stock market - a channel that provides cash inflows to finance investments, and banks as investors who buy securities. As we can see, the researcher mainly focused on the role of commercial banks as investors. [19].

A group of scientists led by O.I.Lavrushin suggest the types of banking activities in the securities market in the framework of operations of commercial banks with securities, issuance and placement of own securities by banks, investments of commercial banks in securities, banking operations in the service of government securities and REPO agreements, and the activities of banks as professional participants in the securities market. At the same time, the intermediation activity of commercial banks in the stock market was neglected [20].

However, I.R.BAybekov conducted research on the formation of the bond portfolio through the activities of commercial banks in the stock market. At the same time, the focus will be on the methodology of qualitative assessment of bond issuers in the diversification of the bond portfolio in terms of diversification of the bank's income. [21].

U.S. commercial banks can raise capital by placing their shares, bonds, and certificates of deposit on the stock market, "investing primarily in federal, state, or local bonds in terms of investing in the stock market." [22]. This can be explained by the fact that due to the Great Depression of 1929-1933, commercial banks were banned from investing in high-risk securities. "Banks are prohibited from owning high-risk securities such as stocks or corporate bonds. There are no restrictions on the purchase of treasury securities due to their low risk and high liquidity. [23]. The U.S. also does not allow commercial banks to conduct financial intermediation activities related to securities. From the above, it can be seen that certain limits can also be set on the stock market of banks.

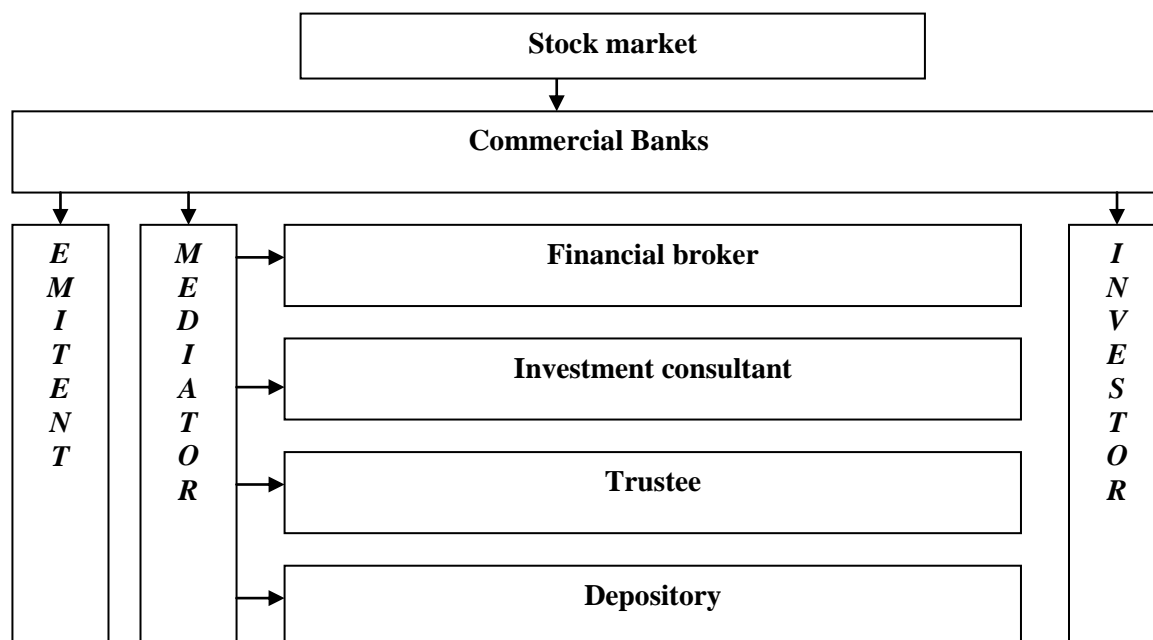
N.N.Martinenko, O.M.Markova, O.S.Rudakova, N.B.Sergeeva focused on this issue, the activities of banks in the securities market, their role and types, the issuance and placement of securities by banks, investment activities of banks in the securities market, the activities of banks as professional participants in the securities market, in particular dealership, brokerage, trust management and studied depository activities [24]. The same aspect is noted in the textbook headed by V.A.Borovkovoy [25]. We can explain this by the fact that both economic literature is based on Russian experience and practice.

3. RESEARCH METHODOLOGY

Traditional research methods, such as observation and comparative analysis, were used in the research. In addition, analytical work was carried out with the help of graphic statistics, on the basis of monographic analysis, the relevant conclusions were made, summarizing the views on the important aspects of the activities of commercial banks in the development of the securities market and expressing the author's attitude..

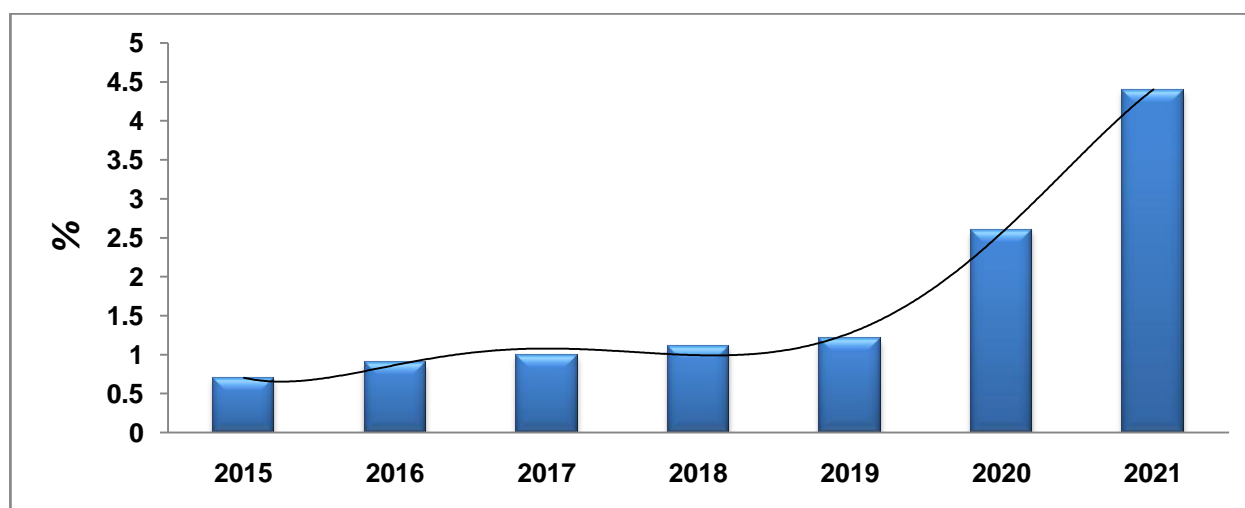
4. Analysis And Discussion Of Results

Commercial banks act as issuers with their shares, bonds, promissory notes, certificates of deposit and other securities, as well as as investors who buy securities at their own expense. In addition, the commission has the right to conduct brokerage transactions with securities in exchange for incentives. We can see this in the picture below.



1-figure. Areas of activity of commercial banks in the securities market.

The participation of Uzbek banks in the securities market is very weak, as evidenced by the fact that the share of investments in the assets of banks is 4.4%. [24]. The income of commercial banks from investments in securities is in the form of dividends and interest, which play an important role in ensuring the financial stability of banks. We assess the level of investment operations of commercial banks of the republic with securities through the following image data.



2-figure. The share of investments in securities in the total assets of commercial banks of the Republic of Uzbekistan, in percentage[26]

As shown in Figure 2, investments in securities account for a very small share in the total assets of commercial banks of the country. This indicates the underdevelopment of investment operations of commercial banks with securities.

However, commercial banks are one of the most active participants in the securities market of our country, as can be seen from the table below.

1-TABLE THE ROLE OF COMMERCIAL BANKS IN THE SECURITIES MARKET OF UZBEKISTAN [26]

Indicator	01.01.2018		01.01.2019		01.01.2020		01.01.2021		01.01.2022	
	billion soums	%	billio n soums	%	billio n soums	%	billio n in soums	%	billion in soums	I%
Total exchange trading volume	298	100	687,3	100	438,8	100	578,1	100	1260,51	100
Commercial banks	257,6	86,4	591	86,0	319,5	72,8	326,7	56,5	312,6	24,8

According to the table, the share of commercial banks in the turnover of securities on the stock exchanges of the country fell to the share of commercial banks. But in recent years, the share of other sectors in the stock market has also increased. In return, the share of commercial banks in total trade is declining from year to year.

CONCLUSIONS AND SUGGESTIONS

Despite the creation of the necessary economic conditions and a favorable legal framework for the activities of commercial banks in the securities market of the country, under the influence of various factors, their activity in the stock market is not active. The factors that negatively affect the growth of the role of commercial banks in the securities market are:

- The general situation in the national securities market, ie the underdevelopment of the secondary securities market, the existence of information gaps on securities and the poor financial condition of securities issuers;
- The policy of commercial banks related to the issuance, dividends, investment and professional activities in the securities market is not carried out in an integral manner;
- The lack of highly liquid securities in the secondary securities market of the country is evidenced by the lack of long-term government securities, corporate bonds guaranteed by the government and recalculated drafts in the Central Bank.

The very small share of investments in securities in the total assets of commercial banks of the Republic of Uzbekistan (4.4%) indicates the underdevelopment of investment operations of commercial banks with securities.

In our opinion, in order to develop the operations of commercial banks with securities, it is necessary to take the following measures:

1. In order to increase the volume of investments of commercial banks in corporate securities, first of all, it is necessary to improve the fundamental and technical analysis of corporate securities;

second, the stable balance of transaction deposits should be directed to corporate securities; third, banks' income from corporate securities should be exempt from income tax.

2. In order to ensure the quality of the securities portfolio of commercial banks, first, it is necessary to prevent violations of the principle of diversification of the securities portfolio; second, it is necessary to ensure that the growth rate of return on investment in securities does not lag behind the growth rate of investment in securities.

3. In order to diversify the asset portfolio for all commercial banks, it is necessary to form an interest in the formation of a portfolio of strictly diversified securities in the range of up to 10%. But for this, first of all, the stock market must be developed, liquidity and profitability must be ensured.

In conclusion, it is directly related to the creation of opportunities for further development of the securities market in the country, increasing its liquidity and expanding secondary market processes, changing the composition and increasing the number of investors by diversifying issuers by industry. This will allow commercial banks to take a stronger position in the stock market of the country.

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