

BANKING INSTITUTIONS IN UZBEKISTAN AND THEIR IMPACT ON ECONOMIC DEVELOPMENT

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Annotation: The importance of the banking system in the modern economy cannot be overestimated. The economic well-being of the country, its standard of living, economic growth, the relevance of the modern economic model, and the efficiency of the country's economy as a whole depend on how successfully the banking system is built. Banking is currently very diverse, as banks provide a wide range of banking services, which, of course, have an impact on the economy. This article covers questions regarding the formation of the banking system of Uzbekistan, an analysis of its current state, as well as conclusions and conclusions on the role of banking institutions in the economy.

Keywords: bank, banking system, central bank, commercial bank, performance indicators of banks.

1. INTRODUCTION

Banks are the main financial intermediaries in the economy, and therefore, the progressive development of the entire economic system with all its connections and interdependencies depends on how stable and efficient their activities will be organized.

The banking system is a component of the credit system, represented by a variety of banks, where the national banks of the country play a significant role, regulating the activities of commercial banks.

2. FORMATION OF THE BANKING SYSTEM OF UZBEKISTAN

The banking system of the Uzbek SSR was established in accordance with the Law No. 205-XII "On Banks and Banking Activities", adopted by the Supreme Soviet on February 15, 1991. The law established the State Bank of the Uzbek SSR and four commercial banks:

- Republican Joint-Stock Commercial Industrial and Construction Bank (Uzpromstroybank);
- Republican Joint-Stock Commercial Agro-Industrial Bank (Uzagroprombank);
- State Commercial Bank for Foreign Economic Affairs of the Republic of Uzbekistan (Uzvneshconombank);
- State Commercial Bank of Labor Savings and Lending to the Population of the Republic of Uzbekistan (Uzsberbank)

With independence, the State Bank of the Uzbek SSR was renamed the Central Bank of the Republic of Uzbekistan.

3. MODERN BANKING SYSTEM OF UZBEKISTAN

Uzbekistan has a two-tier banking system, which is characterized by a strict separation of the functions of central and commercial banks.

The banking system of Uzbekistan today is represented by the central bank and 35 commercial banks, namely joint-stock commercial banks with a state share, private, with the participation of foreign capital, a subsidiary bank.

In addition, there are several accredited representative offices of foreign banks - the National Bank of Pakistan, Commerzbank, Landesbank Berlin (Germany), JP Morgan Chase Bank (USA), Export-Import Bank Shinhan Bank (Korea).

In Uzbekistan, there is a State Fund for Guaranteeing Citizens' Deposits in Banks, whose task is to pay compensation for citizens' deposits in banks, in case of revocation of the bank's license by the Central Bank, if this is not related to the reorganization of the bank.

According to Moody's, the level of operating income of Uzbek banks is one of the highest among the banks of the CIS countries.

Commercial banks provide services to legal entities and individuals in the largest spectrum.

Banks attract temporarily free funds of the population for various types of deposits, first turning them into real profitable savings, and then into loans that create added value to material goods by industry, namely, turning them into capital. In addition, banks allocate consumer and mortgage loans to improve the standard of living of the population.

A steady increase in the total capital and deposits of banks contributes to an increase in their credit and investment opportunities.

Table 1 Information on the main indicators of the banking sector (in billions of soums)

Indicator name	01.01.2022 g.			01.01.2023 g.			Nominal growth, %
	altogether	of these, in foreign currency	Share in % of total	altogether	of these, in foreign currency	Share in % of total	
Amount of assets	444 922	215 415	48,4 %	556 746	264 551	47,5 %	25%
Credit investments	326 386	162 663	49,8 %	390 049	185 118	47,5 %	20%
The volume of attracted deposits	156 190	60 612	38,8 %	216 738	84 943	39,2 %	39%
Total Capital	70 918	347	0,5%	79 565	359	0,5%	12%

From the data of the above table, the positive dynamics of all the main indicators of the activities of banking institutions is clearly visible. In particular, over the past 2022, the total assets of banks increased by 25%, the loan portfolio increased by 20%, the deposit base of banks increased significantly by 39%, and positive changes are also observed in the total capital of the bank, where the growth was 12%.

Uzbekistan's success in liberalizing and reforming the banking system is evidenced by the conclusions of the international rating agencies Moody's, Standard & Poor's and Fitch. It should be noted that over the past years in a row, the activities of the financial structures of Uzbekistan have been assessed positively.

The financial stability and reliability of our banks have contributed to the development of mutually beneficial cooperation with many financial institutions in foreign countries. In particular, to date, banks of Uzbekistan attract credit lines from such large structures as the Asian Development Bank, the International Bank for Reconstruction and Development, the International Development Association, the Islamic Corporation for the Development of the Private Sector, the German Development Bank (KfW), Landesbank AG and Commerzbank AG (Germany), the Netherlands Development Bank (FMO), the Korean Export-Import Bank, the China State Development Bank, the China Export-Import Bank and others.

4. CONCLUSIONS AND CONCLUSION

The leading place among banks is occupied by commercial banks. This is a universal type of bank engaged in lending to industrial and commercial firms at the expense of funds received in the form of deposits of individuals and legal entities.

Being special financial institutions, banks are the organizational centers of the loan capital market, i.e. a set of relationships, where the object of the transaction is money capital and supply and demand for it is formed. Acting as intermediaries in the redistribution of capital, banks significantly increase the overall efficiency of production.

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