

BANKS IN UZBEKISTAN ISSUES OF INCREASING INVESTMENT ACTIVITY THROUGH

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Abstract:

This article covers the main aspects of increasing investment activity in Uzbekistan through commercial banks. The main aspects of implementation of investment policy by banks have been determined. Also, relevant scientific conclusions and suggestions were developed based on the research of the factors affecting the investment policy of banks.

Keywords: National economy, foreign investment, investment loans, investment climate, innovations, credit investments, loan portfolio, financial resource, innovative economy.

Kirish

First of all, foreign investments serve the rapid development of sectors and branches of the economy, as well as the increase of investment and innovative activity, and secondly, they increase the efficiency of the circulation of financial resources of enterprises operating in the national economy. The country's investment policy defines the specific directions of attracting foreign investments, the incentive system for attracting them, and defines the legal order of this activity. It should be noted that commercial banks occupy a special place with their active participation in providing financial support mechanisms for investment processes. Because commercial banks of the country have been constantly participating in investment processes in building a modern innovative economy, a digital economy.

Today, Uzbekistan has established close cooperation with major international financial institutions and organizations such as World Bank, Asian Development Bank, Islamic Development Bank, European Bank for Reconstruction and Development, Asian Infrastructure Investment Bank. By 2022, the number of countries investing in the country's economy has increased to 50. Among them, countries such as Russia, China, Turkey, Germany, and South Korea are leading. In 2017, the volume of foreign investments and loans to the republic amounted to 3.3 billion dollars, and by the end of 2022, this indicator has tripled to 9.8 billion dollars. As a result, the share of foreign investments and loans in total investments increased from 23.8 percent to 40.5 percent ¹.

However, the share of commercial banks' total loans in the macro-economic indicators of the country, in the composition of the gross domestic product, remains relatively low. This shows

¹ Information from the Institute of Forecasting and Macroeconomic Research of the Republic of Uzbekistan

that the activities of commercial banks in the financial provision of investment processes are not sufficiently developed in the republic today. That is why it is necessary to increase the role and role of commercial banks in the financial provision of investment processes in the country's economy, to further accelerate their activity in increasing the attractiveness of the investment environment.

In order to achieve these goals, in order to fundamentally transform the banking sector in order to increase the investment attractiveness of banks, the popularity and quality of banking services, the Decree of the President of the Republic of Uzbekistan on May 12, 2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025" No. PF-5992 [1] and " On measures to implement the investment program of the Republic of Uzbekistan for 2023-2025 " dated December 28, 2022 No. PQ-459 the decision was adopted[2]. With the above Strategy, it was determined to form a modern banking system, increase the investment attractiveness of banks and introduce new standards of banking services, increase the investment activity of commercial banks and further develop mutual financial relations with the enterprises of the real sector of the economy. expansion and modernization, wide introduction of modern technologies in the industry, service and agricultural sectors, increase in production volume of export products with high added value, acceleration of investment processes and active attraction of foreign direct investments to the regions, as well as high-income jobs locally creation and employment of the population is intended. That is, in 2023-2025, commercial bank loans and other debt funds are 197,010 billion soums, and foreign direct investment and loans are set at 401,466 billion soums ².

It is known that the attractiveness of the country's investment environment is an important factor in increasing the flow of foreign investments. The investment climate of the region, the investment activity of banks in the economy, indicators representing their investment and innovation potential are the main elements that make up the investment attractiveness.

The level of study of the subject

Economists of different eras have made different assessments of the services of commercial banks in the economy, their participation in the production process, and their investment activities. Some of them gave a high rating to credit, while the second group of economists put it at the next level. Theories about credit are divided into two groups . The first of them is called the naturalistic theory of credit. The founders of this theory are A. Smith and D. Ricardo. According to this theory, the importance of credit is reduced, that is, credit is only a form of redistribution of capital distributed in society among individual producers and cannot be a factor of extended reproduction[3]. The theory that emphasizes the role (place) of credit is the theory of credit capital formation . Dj. Lo (XVIII) and G. McLeod (XIX) are economists of this theory. The basis of this theory is that credit does not depend on any production process and it occupies a crucial place in the economy . They equate credit with money and wealth [

² of the President of the Republic of Uzbekistan PQ-459 of December 28 , 2022 decision

4] . Australian professor I. Schumpeter, German banker A. Tan and English economists D. M. Keynes and R. Hawtrey are the successors of this theory of credit [5].

G. N. Beloglazova believes that most of the investments in the economy are made centrally, and the loans of commercial banks make up a very small part of the investment financing. It also emphasizes that financing of capital construction investments made on the basis of state plans, regardless of the source of investments, is of particular importance [6].

A number of our scientists have conducted research on the issues of further increasing the attractiveness of the investment environment in Uzbekistan. In particular, A. Vakhobov, Sh. Khajibakiev, N. Mominov emphasize the following about the investment environment: Investment environment is a combination of economic, political, legal and social factors that predetermine the level of volatility of foreign capital investments and the possibilities of their effective use in the country. The investment environment is a complex, multifaceted concept and has indicators such as national legislation, economic conditions, customs regime, currency policy, economic growth rates, inflation rates, exchange rate stability, and the level of foreign debt[7].

Analysis and results

Material and intangible assets and rights to them, including rights to intellectual property objects, and reinvestment of funds, including cash (including foreign currency), target bank deposits, shares, shares, shares, bonds, promissory notes and other securities, movable and immovable property (buildings, structures, equipment, machines and other tangible assets), intellectual property rights , including technical, technological, commercial and other knowledge, formalized in the form of technical documents, skills and production experience, patented or unpatented (know-how), necessary for the organization of this or that type of production, as well as not prohibited by the legislation of the Republic of Uzbekistan other values are included.

Investment activity of banks is related to the activity of the bank, as an investor, in order to acquire financial assets, create and organize real assets, and place funds. The investment activity of banks differs from the activity of other investors in that they make investments on the basis of attracted funds. That is why, on the one hand, the bank appears in the market as an investor, and on the other hand, it is a debtor.

According to the data of the World Bank, the demand for bank loans of enterprises operating on the basis of investment projects is somewhat higher in developing countries. In developed countries, on average, 40 percent of enterprises have a need for loans, while in the countries of Eastern Europe and Central Asia, this indicator is 45-60 percent. At the same time, it can be seen that the collateral requirement in the lending process is higher than 60% on average in developed countries, while it is higher than 80% on average in Eastern European and Central Asian countries.

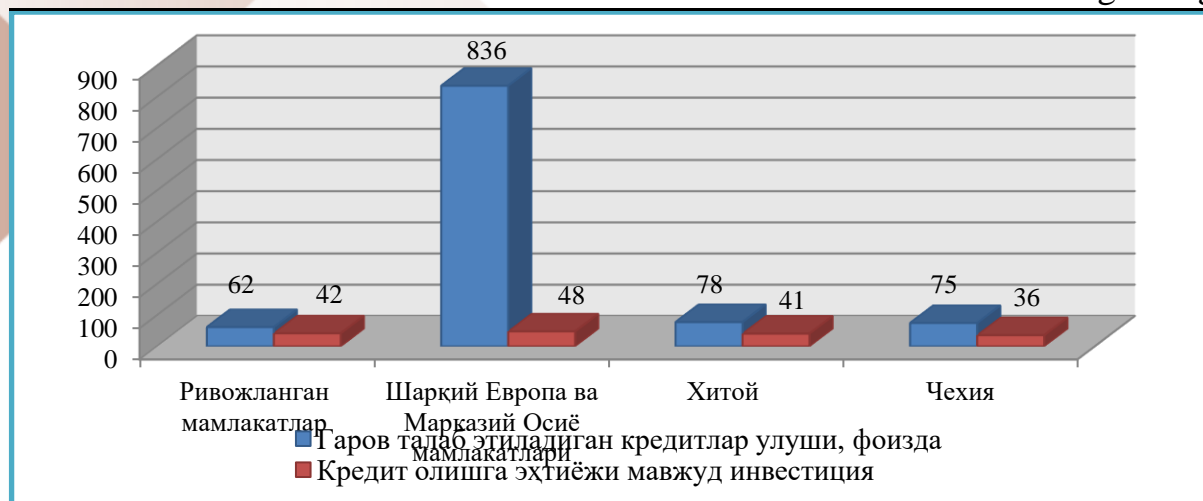


Figure 1 Demand for bank loans of enterprises operating on the basis of investment projects in the world ³, in percent

Using the experience of investment lending, tested in world practice, in the conditions of the formation of the market in this direction in the Republic of Uzbekistan, the use of its positive aspects serves as an important theoretical and practical resource.

When studying the financing of investment projects in foreign countries, it was found that there is a large imbalance in the supply and demand for investment project loans. For example, in 2019, Russia will spend 30 billion. Loans for investment projects in the amount of US dollars have been allocated, but the demand is 50 bln. equal to the US dollar. According to the data, 60% of the allocated loans are allocated to banks and 40% to credit organizations. The average amount of loans for investment projects in Russia is 45-50 thousand US dollars, the average term is 5-6 years, and the average interest rate is 4-5. It should be noted that the process of lending investment projects in Russia, the amount of these loans is from 10 thousand US dollars to several million US dollars, the term is 30-35 years, and the interest rate is 3-15. In the Russian Federation, as in all countries, preferential loans are allocated to investment projects, and in most cases they are engaged in production activities in agriculture and industry.

To further expand the investment activities of commercial banks in Uzbekistan, to continue implementing measures to support exporting enterprises and small businesses, to ensure the active participation of commercial banks in these projects with their credit resources in order to accelerate the implementation of investment projects by enterprises of the real sector of the economy, and finally as a result, it creates conditions for their transformation into large investment institutions. The implementation of investment projects is of great importance in the development of the national economy, and the effectiveness of investment projects depends on the actual implementation of the plans developed on the basis of high indicators. In 2021, as a result of the implementation of a stimulating fiscal policy in the republic, the recovery of production activity, the rapid growth of the population's income, the continuation

³Source: <http://www.worldbank.org/> - site information



of investment and other important projects delayed in 2020 in 2021, the recovery of investment and consumer demand was observed. In the reporting year, the preservation of relatively strict monetary and credit conditions served to form inflation within the framework of intermediate forecast indicators and to ensure the balance between economic growth. In 2021, a total of 166.7 trillion will be allocated by commercial banks to meet the economy's demand for credit and provide financial support to business entities. in the amount of soums or 1.3 times more loans compared to the previous year. In 2021, the improvement of the situation related to the coronavirus and the absence of strict quarantine restrictions, the stabilization of economic expectations led to an increase in investment activity in the country. In particular, in 2021, the total amount of capital investments will be 244.9 trillion. amounting to 5.2% in real terms, after a 4.4% decrease in 2020. This increase was mainly due to the acceleration of investments made from decentralized sources from 5.4 percent to 7.4 percent in 2020. In this, it was observed that the growth of investments made at the expense of population funds increased from 3.4% to 4.5% in 2020, and commercial bank loans accelerated from (-47.3%) to 10.9%. Structural changes were also observed in the composition of centralized sources, the growth rate of budget funds directed to investment goals was 35.8 percent, and the growth of the funds of the recovery and development fund was 11.9 percent[8]. According to the World Bank, the energy price index increased by 79.1 percent in 2021 compared to 2020. In 2020, in the context of a sharp decrease in investments in the oil sector and as a result of the recovery of global economic activity, the price of 1 barrel of oil in 2021 averaged 69.1 dollars, an increase of 67.4% compared to 2020[9].

Major economies of the world Central banks have started to tighten monetary and credit conditions. In particular, the main interest rate in developed countries increased by 1 percentage point on average, and in developing countries by 1.5 percentage points. In this regard, the US Federal Reserve increased the interest rate by 0.25 percentage points in March 2022. This, in turn, may lead to increased competition among developing countries to attract foreign investment[10].

The role of commercial banks is important in increasing the investment activity aimed at ensuring the necessary level and structure of investments in the republic's economy and its separate sectors, finding investment sources of investment activities and identifying stable sectors of their use.

Conclusions and Suggestions

In our opinion, in order to increase the investment activity and attractiveness of the investment environment in the country's economy through commercial banks, the following issues should be resolved:

-  to increase the level of financial literacy and rights protection of the population in the field of banking and financial services, to constantly monitor the demands of clients to the banking system;
-  increasing the culture of providing banking services, providing advanced banking services that satisfy the needs of clients, paying special attention to creating conditions that are the basis for the balanced and balanced development of the economy at the micro and

macro level in the direction of the attracted investments;

✚ development of convenient and optimal ways of attracting free funds of the population and directing them to finance investment projects, activating the participation of commercial banks in financing investment projects, improving the system of project expertise and risk assessment;

✚ it is necessary to develop effective mechanisms for attracting foreign direct investments by commercial banks and to improve the procedure for assessing factors affecting the financing of investment projects.

This, in turn, leads to direct participation of banks in the investment process, transparency of the project, and reduction of the financing period.

It is also desirable to coordinate the implementation of the "Electronic Government" system, further develop the payment system, including the establishment of an effective information exchange system of commercial banks, providing remote banking services that allow for quick real-time account management and bank transactions.

In short, we believe that it is possible to achieve the investment activity of the economy as a result of the implementation of the above-mentioned ideas and proposed tasks. As a result of the active investment policy of commercial banks, stable growth of the country's banking and financial sector and economy is achieved.

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