AMERICAN JOURNALS
Open Access, Peer Reviewed Journals
American Journal of Business Management, Economics and Banking
ISSN (E): 2832-8078 Volume 20, | January, 2024

THE ROLE OF CORPORATE FINANCE IN INCREASING THE INVESTMENT POTENTIAL OF COMMERCIAL BANKS

Jo'rayev O'ktam Panji o'g'li
Teacher, Department of "Bank Accounting and Auditing",
Tashkent Institute of Finance, Tashkent City, Uzbekistan.
E-mail: Legend007@inbox.ru

A B S T R A C T	K E Y W O R D S
This article describes the cooperative form of finance, what it is, how it works, as well as the activities of the cooperative. n this article, the theoretical foundations of corporate finance, interrelated sciences in researching the field, the history of its development, the opinions of foreign and domestic scientists on corporate finance, the relevance of introducing corporate finance as a science, the functions, goals and tasks of this science are reflected.	Bank, investment, corporate finance, economic theory, accounting and auditing, economic analysis, financial management, VAT, GNI, money, capital flows, financial markets, financial assets, financial institutions.

Introduction

Cooperative financing is a relatively independent branch of the financial system, covering a wide range of monetary relations associated with the formation and use of funds in the process of capital, income and circulation of funds of organizations, and is expressed in the form of various monetary funds. flows It is in this area that the main part of the financial resources of economic entities is formed, they serve as the main source of economic growth and social development of society.
Corporate finance is also an independent scientific area that was formed relatively recently, in the early 1950s. "Corporate Finance" is a synthetic science based on the achievements of scientific and academic disciplines such as "Economic Theory", "Accounting and Audit", "Economic Analysis" and others, financial solutions in various business areas. If the general course "Finance" traditionally deals with the most general theoretical issues related to the field of finance of business entities, then a more detailed study of their practical aspects is defined in the courses of special disciplines "Corporate Finance" and "Financial Management".

2. Literature Review

It examines the role of banking capital in the conduct of monetary policy in India in the period after the global financial crisis, based on the theories of foreign scholars. Empirical results show that banks with a high ratio of capital to risk-weighted assets (CRAR) attract funds at a lower cost. In addition, banks with high CRARs transmit monetary policy impulses smoothly, while stressed assets in the

banking sector hinder transmission. Recapitalization to increase CRAR can improve transmission; however, CRAR may not help for banks above a certain threshold level due to reduced sensitivity of loan growth to the monetary policy rate. Therefore, it is stated that the monetary policy can affect the credit supply depending on the capital situation of the banks (Muduli S., Behera H., 2023) [3].
Most importantly, bank capital is an important evidence that policy uncertainty can improve the impact of bank economic performance and performance. In general, bank capital adequacy can reduce the negative impact of policy uncertainty on the banking industry through stabilization measures (Mendy L. L., Yang S. Y., Shi W. Z., 2023) [4].
Economist Frank Hunt writes, “The capitalization rate can be determined by dividing annual net operating income by the cost of a piece of property. This formula is important for determining the return on investment that an investor can hope to realize. As the level of capitalization increases, the decrease in the appreciation of the asset. Marking has been argued to be inversely related to the price/earnings multiple for the same asset (Frank Hunt, 2021) [5].
According to local scientists O.I.Lavrushin, U.O.Azizov, T.M.Karaliyev, "The resources of credit organizations are the sum of their own and borrowed resources at the bank's disposal, which are used in the implementation of asset operations. Bank resources are reflected in the passive part of the balance sheet of credit organizations" (Lavrushin O.I., Azizov U.O'., Karaliyev T.M, 2019). In our opinion, it is appropriate to provide a broader explanation of the composition of funds equaled to own funds by our above scholars in their views on the bank's resource base [6].
According to one of our local scientists, Professor Sh. Z. Abdullaeva, "the resource base of commercial banks determines the level of their credit potential. The resource base created by the bank can be directed to provide various loans and finance investments and other asset operations" (Abdullayeva Sh.Z., 2019) [7].
Professor A.A. In his research, Omonov stated that "resources of commercial banks are the financial value formed due to the attraction of free funds in the economy and the formation of private funds (capital) under certain conditions" (Omonov A.A., 2008). Emphasizes [8].
U.D. Artykov "bank resources are a set of reserves and opportunities that can be used for the implementation of banking activities within the framework of the bank's policy, consisting of the bank's own funds and borrowed funds, which are the basis for the bank's income" (Ortikov U.D., 2008) considers it as Of course, while supporting the definition given by the authors, we think that special attention should be paid to the bank's resource base [9].
At the same time, a number of foreign economists, including K. Bainke, Y. Vasilishen, A. Gryaznova, Y. Dolan, V. Kolesnikov, J. Matuk, G. Panova, have discussed the issues of attracting financial resources and increasing the level of capitalization of commercial banks. It was reflected in the scientific research of D. Sinke. Special aspects of this issue are reflected in the scientific works of Uzbek economists Y. Abdullaev, A. Kamolov, I. Toymukhamedov, O. Rashidov, O. Olimjonov, A. Kadyrov [10].

3. Analysis and Discussion of Results

Having studied part I of this textbook, you already know the general definition of finance and their functions, signs that these relationships can be classified as finance. Here we will focus on the specifics of corporate finance as a relatively independent financial sector [1].
The content of an enterprise’s finances can be understood, first of all, taking into account the

formation and use of the entire complex of income and cash in the process of distribution and redistribution of GDP. In the process of reproduction, all incomes of subjects of economic relations are divided into primary and secondary, received after the redistribution of primary incomes [2].

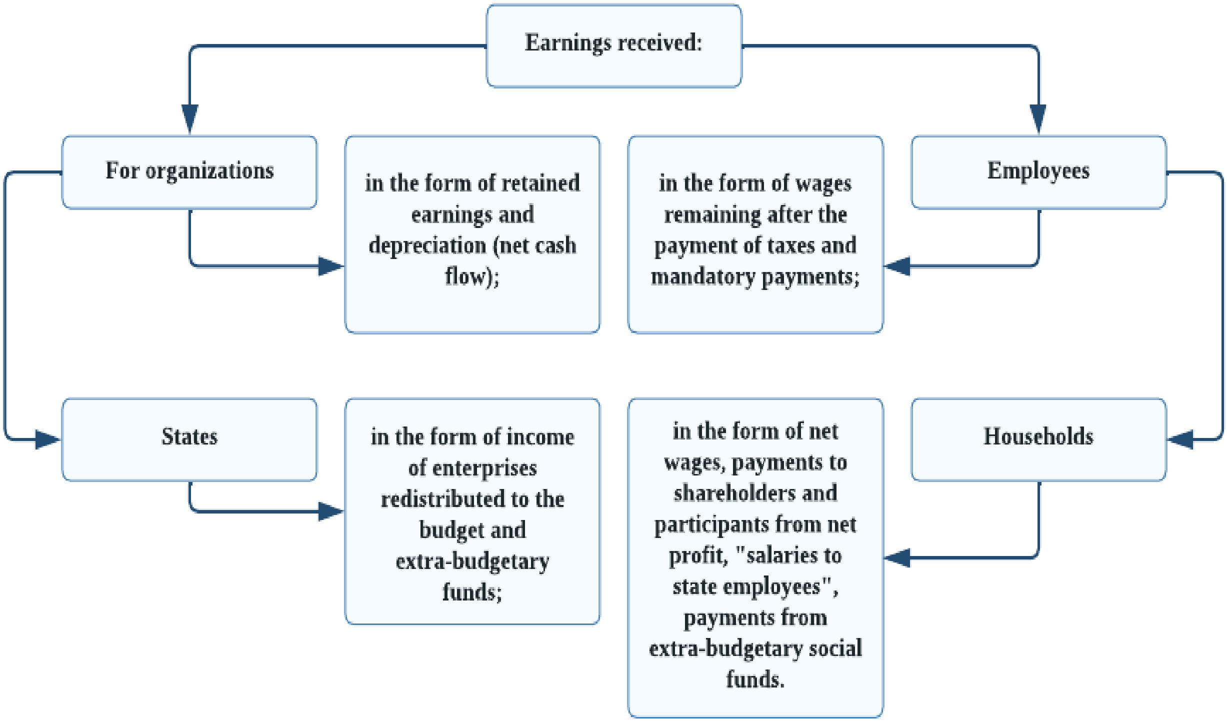

Figure 1. Components of corporate finance [3]

Let's analyze the financial side of distribution at the organizational level. Revenue from the sale of goods and services (sales revenue) represents the profit from the sale of products, which is the main element of gross profit, excluding VAT and excises, excluding variable and fixed costs included in the cost of sales. It is commercial and administrative.

- minus costs, they make a profit on the sale. After adjusting for other income and expenses, profit before tax is formed. We will receive a net profit after paying income tax.

- In a command economy, the distribution of GDP and national income is strictly regulated by the state. This led to a wide range of financial relations of enterprises at the stage of primary distribution of the gross domestic product, which made it possible to implicitly include their finances in the general system of public finances (90% of enterprises belonged to the state) [4].

- In modern conditions in Russia, the activities of organizations are not regulated much. Thus, the state today regulates the creation and distribution of the value of GDP within a given organization:

- the composition of deductions that reduce the taxable base;

The amount of certain tax credits for calculating taxable income (travel, entertainment expenses, advertising expenses, interest payments on borrowed funds):

❖ rates of contributions to social funds;

❖ methods of applying depreciation charges for the useful life of fixed assets, intangible assets, as well as depreciable fixed assets and intangible assets for the purposes of calculating taxable profit;

❖ objects and rates of taxation;

❖ conditions and procedure for writing off the obligations of the organization from the balance sheet;
❖ the composition of non-operating expenses taken into account when calculating taxable profit.

A corporation is a property complex created to carry out entrepreneurial activities, and its economic goal is to meet social needs, make a profit and ensure financial stability in a market economy. The economic activity of organizations includes the production and sale of products, the performance of work and the provision of services, operations in the stock market. An economic entity may carry out one or more types of activities at the same time. In the process of economic activity, corporations have economic relations with their counterparties:

- suppliers and buyers, partners in joint activities, associations and associations, financial and credit systems, etc. relationships arise. the process of production and sale of products, the performance of work and the provision of services, the formation of financial resources and the implementation of investment activities.

The entire set of financial relations of corporations with other participants in economic activity, depending on their economic content, can be grouped according to the purpose of these relations and divided into the following groups [5]:

- between the founders when creating an organization on the formation of the authorized (share) capital. Specific ways of its formation depend on the organizational and legal form of the organization. But in all cases, own capital is the initial source of formation of a certain part of current and working capital;
- between corporations formed in the process of production and sale of products in the main line of business. In particular, financial relations between suppliers and buyers of raw materials, materials, finished products, etc., relations with transport organizations, communications enterprises, customs, foreign firms, etc. are included. when transporting goods. These relations are fundamental in the economic activity of any corporation, since the final financial result of its activities largely depends on their effective organization;
- between corporations not related to the main activity, but capable of having a significant impact on the financial condition of economic entities. For example, the sale and lease of property, factors that determine exchange rate differences in foreign exchange transactions, the timing of financial investments, etc.;
- between the corporation and its subdivisions: subsidiaries, branches, workshops, departments, teams for financing expenses, distribution and redistribution of profits, formation of working capital and other funds. This group of relations influences the organization and rhythm of the production process;
- between the corporation and its employees on the distribution and use of income, the issuance and placement of shares and bonds of this corporation, the payment of interest on dividends on bonds and shares, the collection of fines and compensation for material damage;
- withholding taxes from individuals, etc. The financial relations of this group affect the efficiency of the use of labor resources;
- between the corporation and the financial system of the state. These relations arise when paying taxes and other obligatory payments to the budget, forming off-budget funds, providing tax benefits, applying fines from the state for violating the current legislation, receiving subsidies, subsidies, etc. from the budget between the corporation and the banking system. They arise in the process of keeping

money in commercial banks, obtaining and repaying loans, paying interest on loans, buying and selling foreign currency, and providing other banking services;
- between the corporation and insurance companies and organizations. These relations arise in connection with compulsory and voluntary insurance of property, certain categories of employees, commercial and economic risks;
- between the corporation and investment institutions created in the process of investment placement, property privatization, etc.;

Table 1. Key indicators of the world's largest corporations as of May 2022 [6]

N.	Biggest Companies	Locationstate	Major shareholder	Price pershare	Stock exchange	Capitalization
1.	**Tesla**	USA, California	Elon Musk (15%,); .1 The Vanguard .2 Group, Inc. (5.98%).	**658,80 USD**	*Nasdaq*	**$864.7 billion**
2.	**Apple**	USA, California	The Vanguard .1 Group, Inc. (7.39%,) Berkshire Hathaway, .2 Inc. (5.46%)	**140,52 USD**	*Nasdaq*	**$2.6 trillion**
3.	**Amazon**	USA, Washington	Jeff Bezos (9.8%,); .1 The Vanguard .2 Group, Inc. 6.3%.	**2 135,50 USD**	*Nasdaq*	**$1.5 trillion**
4.	**AlibabaGroup**	China, Hangzhou	DST Managers Ltd. .1 (0.90%); OppenheimerFunds, .2 Inc. (0.72)%.	**81,10 USD**	*New YorkStock Exchange (NYSE)*	**$1.7 trillion**
5.	**Saudi Arabian Oil**	Saudi Arabia, Dhahran	Government of Saudi .1 Arabia (94%); Public Investment .2 Fund (Investment Company) (4.00%).	**10,82 USD**	*Tadawul (Saudi StockExchange)*	**$2.4 trillion**
6.	**Microsoft**	USA, Redmond	Vanguard Group, Inc. .1 (8.31%); Blackrock. (7%); .2 State Street .3 Corporation (4.01%).	**262,52 USD**	*Nasdaq*	**$2.1 trillion**
7.	**Berkshire Hathaway**	USA, Omaha	Bill Gates (50,3%); .1 Warren Buffett .2 owned about (18%); The Vanguard .3 Group, Inc. (10.02%).	**462 890,00 USD**	*New YorkStock Exchange(NYSE)*	**$723.5 billion**
8.	**BMW (Bayerische Motoren Werke)**	Germany,Munich	Public float (50%); .1 Stefan Quandt(29%). .2	**84,41 USD**	*Luxembourg Stock Exchange*	**$51.71 billion**

According to the table above, the company with the highest capitalization is Apple, which currently has a total capital of $ 2.6 trillion. Next in line is Saudi Arabian Oil, which has a combined annual capital of $ 2.4 trillion. Third, the figure is directly attributable to Microsoft, which has a combined market capitalization of $ 1.7 trillion. Turning to other metrics, Berkshire Hathaway is now ahead of the company in terms of value per share, with the company's share price in the real market at $ 462,890.00. In the table above, we can see that most of the large corporations operate in the United States. This is a sign of a huge investment in the American economy. As a result of our observations, we have learned that investments in the stock market can yield significant returns, and to manage your investment risks wisely, diversify your investment portfolio. There are several organizational principles that are interconnected with the main tasks and goals of the business.

Figure 2. Below are the basic principles of organizing corporate finance [7]

Let's take a closer look at each principle. Let us immediately emphasize that these reserves must be constantly increased. This is necessary, first of all, to ensure the normal operation of the enterprise in cases where market conditions have changed or liability for non-fulfillment of direct obligations to counterparties has increased. The principle of these finances is very simple. According to him, all funds allocated for the development of the enterprise are covered not only by net profit, but also by depreciation. The main task of these funds is to ensure the minimum normative economic efficiency of the capital owned by the enterprise.

4. Conclusions and Suggestions

If there is self-sufficiency, then the corporation finances the production process from its own funds and regularly pays taxes to the state budget. To implement this principle, it is necessary that each department of the enterprise work with a profit and cover all debts.

Self-financing, in comparison with the previous principle, implies not only purposeful activity, but also not simple, but expanded production, as well as capital accumulation on a commercial basis, which ensures the benefit of the budget system. Taking into account the principle, the financial responsibility of the enterprise for failure to fulfill previously agreed obligations, as well as the requirements for financial discipline, have been strengthened [10].

Even in the case of paying fines for breach of contract or paying damages to other partner enterprises, the corporation is obliged to fulfill its obligations to sell products (services) without the prior consent of consumers [11].

To implement the principle of self-financing, the following conditions must be met: Classification of sources of working capital formation Sources of working capital formation, as mentioned above, should be divided into credit and own funds. This is due to the peculiarities of the organization and technology of the production process in each specific field of activity [12].

Reference:

1. Mirziyoev Sh.M. Address of the President of the Republic of Uzbekistan to the Oliy Majlis and the people of Uzbekistan. January 24, 2020. - www.lex.uz
2. Decree of the President of the Republic of Uzbekistan dated May 12, 2020 No. PF-5992 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025"
3. Decree of the President of the Republic of Uzbekistan dated February 7, 2017 No. PF-4947. On the Strategy of Actions for further development of the Republic of Uzbekistan//Collection of legal documents of the Republic of Uzbekistan. - Tashkent, 2017. - No. 6 (766). - p. 32
4. Decree of the President of the Republic of Uzbekistan No. PF-5992 of May 12, 2020 "On the strategy of reforming the banking system of the Republic of Uzbekistan for 2020-2025"
5. Roadmap for the implementation of the Development Strategy of New Uzbekistan for 2022-2026 in 2022
6. Khoshimov J. Overseas experience in the development of the life insurance industry //Молодые ученые. – 2023. – Т. 1. – №. 20. – С. 65-69.
7. Aktamov B. BAHOLASH FAOLIYATINI RAQAMLASHTIRISH ISTIQBOLLARI //YASHIL IQTISODIYOT VA TARAQQIYOT. – 2023. – Т. 1. – №. 10. – С. 248-252.
8. Abdullaevich N. I. Mechanisms and Economic Necessity of Attracting Direct Foreign Investment //Genius Repository. – 2023. – Т. 24. – С. 60-65.
9. Khoshimov J. LEGAL MEASURES TO INCREASE THE ATTRACTIVENESS OF THE TERRITORY'S INVESTMENT ENVIRONMENT //Models and methods in modern science. – 2023. – Т. 2. – №. 13. – С. 54-60.
10. Ганиев Ш. Инновационные основы бухгалтерского учета в бюджетных организациях //Экономика И Образование. – 2020. – Т. 1. – №. 4. – С. 101-105.
11. Abdullaevich N. I. THE IMPORTANCE OF THE INVESTMENT CLIMATE IN THE INFLOW OF FOREIGN DIRECT INVESTMENT INTO THE COUNTRY //American Journal of Business Management, Economics and Banking. – 2023. – Т. 16. – С. 260-266.
12. Ғаниев Ш. В., Маматов Б. С. ТАДБИРКОРЛИК ФАОЛИЯТИНИ РИВОЖЛАНТИРИШДА ИНФРАТУЗИЛМАНИНГ АҲАМИЯТИ //Oriental renaissance: Innovative, educational, natural and social sciences. – 2023. – Т. 3. – №. 8. – С. 180-195.
13. Bobirjon A., Bobur O. Investment Analysis and Risk Prevention Mechanisms //The Peerian Journal. – 2023. – Т. 25. – С. 31-40.
14. Saparov A. D., Ganiev S. V. ISSUES OF FORMATION OF UZBEK ECONOMIC TERMINOLOGY //Academia Science Repository. – 2023. – Т. 4. – №. 7. – С. 108-110.

15. Aktamov B. BAHOLASH FAOLIYATINI DAVLAT TOMONIDAN TARTIBGA SOLISHNING MILLIY VA XORIJ AMALIYOTLARI XUSUSIYATLARI: https://doi. org/10.55439/ECED/vol23_iss3/a34 //Iqtisodiyot va ta'lim. – 2022. – T. 23. – №. 3. – C. 228-233.
16. Giyozovich K. I., Vokhidovich G. S. Issues Of Tourism Development In Uzbekistan //The Peerian Journal. – 2024. – T. 26. – C. 7-12.
17. Azizov U., Ataniyazov J. Reforming the global financial architecture and international financial system in the context of globalization //International Finance and Accounting. – 2019. – T. 2019. – №. 5. – C. 1.