



METHODS OF DEVELOPMENT OF OPERATIONS OF COMMERCIAL BANKS IN THE FUND MARKET

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ABSTRACT	KEYWORDS
In this article, the set of economic relations related to the organization of operational activities of banks in the stock market was chosen as the subject of research. The object of research is to calculate the sum of mechanisms for organizing the operational activity of banks as an issuer, investor or investment institution in the stock market, and the object of research taken as commercial banks. Also, in the article, the opinions of foreign and local scientists on this topic are highlighted and suggestions are made.	bank, stock market, capital market, investor, capitalization, depositor, issuer, share, bond, joint stock company.

Introduction:

Today, the main problem in the banking system is that 86% of the banks' capital belongs to the state. This hinders healthy competition in the banking system and negatively affects the quality of services provided. The development of financial markets, including the stock market, should become one of the main goals in the new economic environment.

Realization of these important tasks in practice requires activation of emission, investment and mediation activities of Uzbek banks in the developing stock market. In this regard, it is of particular importance to apply qualitatively new approaches to the organization of operational activities of banks with securities. World practice confirms that the scope of financial support for the modernization of enterprises in the real sector of the economy of Uzbekistan can be significantly expanded by activating emission, investment and intermediary operations [1].

With the help of the stock market, both the state and enterprises attract the necessary funds for the implementation of development and socially important programs. Also, stock exchanges operate in the market economy of many of the most modern countries of the world. At the same time, stock exchanges are considered as the most important institution of the market economy, and the activities of the respective financial institutions include many important tasks based on the national economy. A stock market is a set of mechanisms that allow transactions with physical or securities. A stock exchange is an organized market for the trading of securities. It is a place where buyers and sellers of meet [2].

The officials were briefed on the issues discussed at the meeting and priorities were identified. Therefore, it is planned to develop a strategy for the development of the stock market in 2020-2025. It

is planned to increase the ratio of free-floating securities to GDP by at least 10-15% by the end of 2025 [3].

2. Literature Review

The growing importance of securities to strengthen the resource base of commercial banks is due to the huge socio-economic potential they have. Famous Russian scientist M.Yu. According to Alekseev, "A security is a monetary document that confirms certain property rights of the investor in relation to the issuer of this security and usually provides for the payment of income in the form of dividends or information and other rights arising from these documents" [4].

In particular, Gregory Menkyu, one of the most modern and well-known foreign economists, describes the stock market in this way. "In many cases, such a definition of the stock market is common, that is, it is a set of financial institutions that allow those who wish to save, and in the stock and bond markets to lend their funds to borrowers" [5].

Y. M. Mirkin believes that securities are fake capital - a manifestation of real capital on paper. According to him, "Fake capital is capital presented in securities (shares, bonds, securities), which constantly performs an independent action on the stock market, differs from real capital, and brings income in the form of dividends or interest to its owners. Without directly performing any functions in the process of movement of industrial capital, and, as a result, without participating in the process of creating value and surplus value, it gives its owner the right to appropriate a part of the latter" [6].

The concepts of stock market and stock market are common in economic literature and vocabulary. In particular, E.F.Zhukov writes: "Currently, there are three markets for securities involved in financing the economy: over-the-counter, stock (exchange) and street" [7].

According to famous Russian scientists V.A.Galanov, A.I.Basov, "From an economic point of view, a security is a commodity that can be replaced, that can be traded in the market independently like a commodity and that generates income, unlike capital in the form of productivity and money. shows a special form of existence. This unusual form of capital consists in the fact that its owner does not have the capital itself to it recorded in the form of a security [8].

According to F.T. Muxamedov, one of the leading scientists in the country, the securities market trading systems are the conclusion of a contract, verification of the parameters of the contract, clearing (settlement), fulfillment of the terms of the transaction (payment) and a market mechanism organized as a complex trading industry consisting of a set of economic, technical, technological and organizational tools that enable the transfer of securities to a new owner) [9].

The issuance of securities allows enterprises to implement large financial investment projects. For this reason, it is advisable to increase the number of joint stock companies in the regions of the country. An increase in the number of joint-stock companies will allow modernizing the production or service process [10].

3. Research Methodology

In this article, the participation of commercial banks in the stock market is analyzed, and in this article, scientific works and articles dedicated to the analysis of sources representing the role and importance of banks in the stock market are studied. Economic research methods such as graphical grouping, economic-statistical analysis and synthesis, logical reasoning were widely used as a research methodology.

4. Analysis and Discussion of Results.

A qualitatively new stage of deepening of economic and social reforms in our country, as well as an increase in the demands of the subjects of the economy of Uzbekistan for investment resources in the needs of innovative development, require the activation of the activities of commercial banks in the developing securities market. The President of the Republic of Uzbekistan Sh.Mirziyoev pointed out the need to solve a number of priority tasks in his Address on the most important, priority development tasks of the country in 2019 in order to bring economic reforms to a new, higher level. One of them is the urgent continuation of reforms in the banking and financial sector, the widespread introduction of modern market mechanisms into the sector [11].

The appearance of securities is related to the development of commodity-money relations in human society, because the model forms of securities appeared in the ancient world. The stock market, which was created during the development of trading capital, has been one of the most stable parts of the economic mechanism in many developed countries of the world for a long time.

Until the mid-1960s, commercial banks treated almost all types of securities with extreme caution, as they were considered one of their high-risk instruments. However, by the beginning of the 20th century, the attitude toward them changed, as the rapid growth of joint-stock enterprises helped to significantly expand the scale of issuance of stocks and bonds, as well as to turn stock exchanges into efficient mechanisms for the allocation and redistribution of capital among various sectors of the economy.

Securities include stocks, corporate bonds, government bonds, promissory notes, checks, certificates of deposit and savings, bank passbooks, bills of lading, and other legal securities. From a practical point of view, commercial banks are interested in the classification of securities, which consists in dividing them into types according to certain characteristics that apply to securities [12].

We can see in the figure below that the main value of any security for commercial banks consists of the rights it has for the issuer and the owner (Fig. 1).

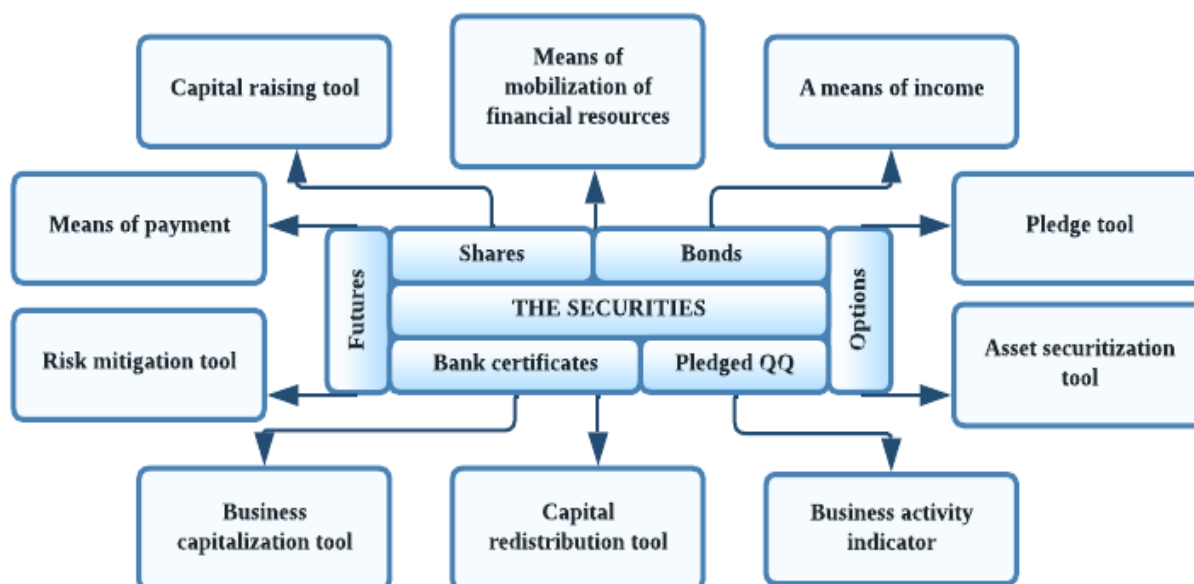


Figure 1. Classification of securities in the modern market economy [13]

Government securities are usually bonds of various types. Non-state securities are securities issued by corporations (companies, banks, organizations) and private individuals. Usually, the government issues

short-term securities. Government short-term securities are issued mainly to cover public debt. That is, the state issues securities that represent a short-term debt obligation until the funds coming to the budget through taxes arrive. In some countries, this security is issued by the Ministry of Finance, while in others it is issued by the Treasury. If we look at the example of the USA, this security is issued by the Treasury Department and is called T-Bills. Their duration is mainly 28, 91 and 182 days [14].

Emission corporate securities (shares and bonds) are issued in large series, in large quantities, all securities within each series have the same terms. According to the Law of the Republic of Uzbekistan on "Stock Market", a share is a confirmation of the right of its owner to receive part of the profit of the joint-stock company in the form of dividends, to participate in the management of the joint-stock company and to part of the property remaining after its liquidation, the validity period is not specified, the name of the owner is a written emission security.

Shares can be issued both in documentary form (paper, material) and in non-documentary form - in the form of relevant entries in accounts. When shares are issued in documentary form, the share can be replaced by a certificate of ownership of a specified number of shares by the person named in it.

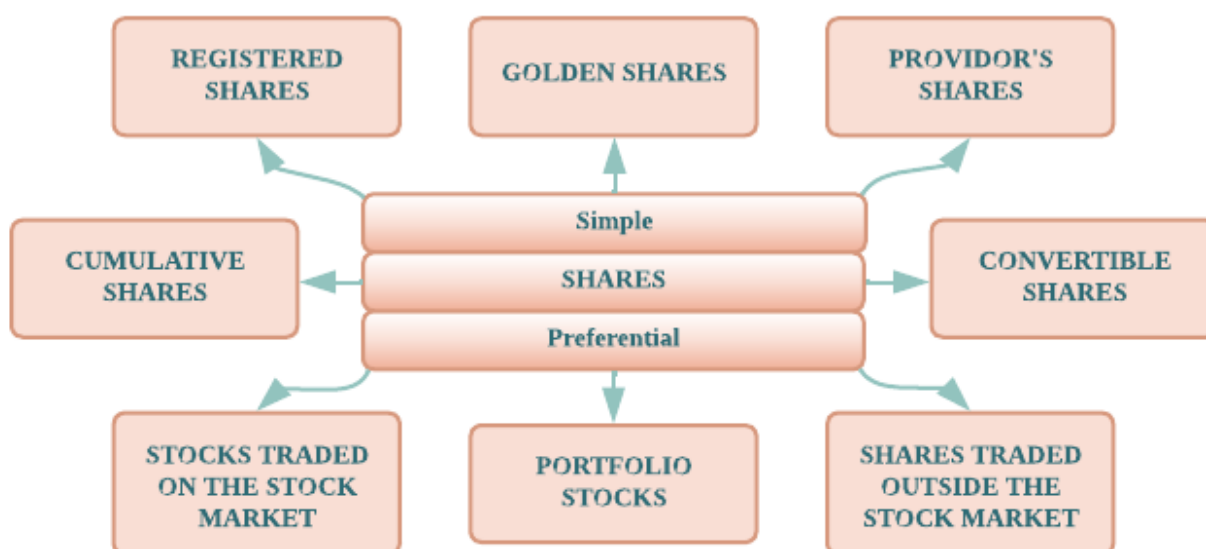


Figure 2. Classification of different types of shares issued by commercial banks [15]

Figure 2. shows the types of shares issued by banks to finance their own development needs. Shares are widely used not only when joint-stock banks are established, but also when they are reorganized, merged (merger) and combined (take over). As a result of issuing shares, the authorized capital of joint-stock commercial banks is formed, which ensures their competitiveness in the market of goods and services.

Various types and forms of shares can be issued in a joint-stock commercial bank:

- simple (common, ordinary stocks - according to the term adopted in the USA, ordinary shares - according to the term adopted in Great Britain);
- preferential (preference stocks – SShA, preference shares – Great Britain).

A common stock is a security that gives its owner the right to participate in general meetings of shareholders with his vote, to receive dividends and to have a part of the property in the event of

liquidation of the joint-stock company. A shareholder or his representative may participate in the general meeting of shareholders.

Owners of ordinary shares have the following rights:

- voting rights or participation in the management of the corporate structure. Annual total of shareholders to holders of ordinary shares;
- gives the right to participate in its meetings and in making important decisions regarding the activities of the corporate structure;
- the right to participate in commercial bank profits or receive dividends. Dividend is a part of the income of a commercial bank, which is distributed to shareholders based on the number of shares. Dividends on common stock are paid after all taxes, payables, bond interest and dividends on preferred stock are paid;
- benefits of the right to purchase newly issued shares before they are offered to other persons. The advantage of this right is to protect their share in front of new shareholders who buy newly issued shares. This right is especially important for owners of controlling and large block shares. Using this right, shareholders can buy shares in the amount of their share in the company.

One of the main conditions for accelerating the issuing activity of banks in Uzbekistan was the increase in the scope of their issuing activity, which was based on the policy of the Central Bank of the Republic of Uzbekistan aimed at increasing the level of capitalization of commercial banks (Table 1).

Table 1 Amount of funds directed to increase the authorized capital of commercial banks as of 01.10.2022 (billion soums) [16]

№	Name of the bank	Declared authorized capital, billion soums	Additional issue of shares					
			Total	Including				
				2018	2019	2020	2021	2012
1.	Asakabank	5 683,0	4 972,9	-	-	1 582,8	-	3 390,1
2.	Khalk’s bank	2 039,1	1 691,8	54,0	62,0	744,7	436,1	395,0
3.	Industrial Construction Bank	2 169,2	2 160,9	697,9	697,9	943,3	299,9	-
4.	Microcredit bank	794,0	706,0	50,0	-	355,0	201,0	100,0
5.	Agrobank	2 162,9	1 899,4	54,1	50,0	967,9	827,4	-
Total		12 848,2	11 431,0	856,0	331,8	4593,7	1764,4	3 885,1

In Table 1 above, during the years 2018 - 2022 ATB increased by 3.5 times and "Agrobank" ATB increased by 6 times. In recent years, the authorized capital of most banks has been implemented by closed subscription - by placing securities among a limited number of investors, known in advance, without public announcement and advertising company, based on Government Decisions. It should be noted that such an increase in the authorized capital of banks led to an increase in the state's share, which in turn is the main factor that stops the development of the secondary stock market ATB increased by 3.5 times and "Agrobank" ATB increased by 6 times. In recent years, the authorized capital of most banks has been implemented by closed subscription - by placing securities among a limited number of

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5. Conclusions and Suggestions

The following conclusions can be made after studying the conditions of commercial banks in the stock market:

- 1) The growing importance of equity and debt securities for strengthening the resource and customer base of commercial banks depends on the huge socio-economic potential they have.
- 2) Expanding the volume of issuance of equity and debt securities is becoming a necessary condition for improving the quality of financing of all aspects of banking activities and a guarantee of successful ownership of shares in the banking sector.
- 3) Effective use of stock potential significantly helps to improve the bank's capital structure, expand the resource and customer base of commercial banks.
- 4) In order to implement a promising direction of financial management, commercial banks of Uzbekistan should learn to conduct effective activities in the securities market and gain the necessary level of trust of the participants of this market as reliable issuers, large investors and experienced investment institutions.
- 5) Noting the importance of using the potential of shares to strengthen the resource base of foreign banks and obtain additional income, it should not be forgotten that it is a complex process that requires serious training and professionalism from bank specialists to carry out emission and investment activities in the securities market.

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