



WAYS TO INCREASE THE VOLUME OF ATTRACTED FUNDS OF COMMERCIAL BANKS

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Annotation

The article identifies the problems found out as a result of the research carried out with the aim of increasing the volume of attracted funds from commercial banks of our country, and ways to solve them, as well as scientific proposals to increase the resources of commercial banks. Methods of increasing the volume of attracted funds of commercial banks, modern economic content and the views of theoretical scientists are comparatively studied. Scientific and practical recommendations are given based on the study of the views of leading scientists on the formation of the structure of attracted funds of commercial banks at the expense of reliable sources of resources. The analysis of the current state of funds attracted to commercial banks in the current period and strategic plans for the future is presented.

Keywords. Central Bank, Commercial banks, resources, deposits, securities, subordinate debts, obligations

INTRODUCTION

One of the main criteria for managing the resources of commercial banks is the formation of a reasonable cost of borrowed funds. The cost of borrowed funds directly affects the interest rate of their active operations. Therefore, when managing the cost of borrowed funds, the main emphasis is on their formation from relatively inexpensive sources.

Summarizing our research and data from the available economic literature, we grouped funds raised by commercial banks into funds with low and high value. Low-cost funds are relatively unstable in terms of maturity for a bank. Since these funds are partially or completely required by its owner, the bank becomes insolvent.

Since the Republic of Uzbekistan gained independence, a number of positive steps have been taken in the field of finance and credit. At the same time, with the deepening of the process of economic liberalization, topical issues still arise related to the enhancement and enhancement of the efficiency of the deposit



policy of commercial banks. In particular, the low share of deposits in the resources of commercial banks, the introduction of bank deposit services, beneficial for the innovative economy and customers, as well as problems with increasing efficiency [1]

Among the funds raised, a separate resource should be funds from credit institutions, microcredit organizations. This is due to the fact that banks, unlike industrial and trading organizations or individuals, can participate in the interbank market in conducting transactions with each other, so they can influence the liquidity and financial position of each other. By the same principle, a separate group of borrowings includes liabilities to the central bank and other banks. In addition, funds of non-resident banks, enterprises and individuals are classified as high-risk resources, subject to the influence of external objective and subjective factors. Among the funds attracted from the non-banking sector, deposits (mostly term deposits) play an important role in terms of reliability.

Improving market relations and deepening economic competition in our country and accelerating the process of economic integration between countries require the formation of funds attracted to commercial banks from stable sources and their effective placement. All this means the need to increase the volume and quality of funds attracted to commercial banks. [2]

In recent years, a number of measures have been taken in the banking system of Uzbekistan, in particular, to increase the volume of funds attracted to banks. However, the fact that the share of deposits in the structure of borrowed funds of banks and the volume of long-term deposits (3.5.10 years) tends to decrease, the fact that borrowed funds of banks are formed mainly from expensive funds. , shows that this issue is still relevant today.

Currently, banking operations are based on attracted (attracted) credit resources, which are the bank's obligations. A bank's liabilities reflect the non-bank share of resources used as funding sources under certain conditions. Their share in various banks is 75-80% of financial resources.

The 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" defines the priorities for the development of the banking system, ensuring financial stability. [3]

Indeed, the increase in the volume of funds attracted by commercial banks and the attraction of financial resources from international financial markets remains an urgent problem of the current period.



REVIEW OF LITERATURE ON THE TOPIC

Liabilities of commercial banks are mainly studied by economists in two main groups. These are borrowed and borrowed funds.

Raised funds include balances on current and current accounts of legal entities and individuals; balances on deposit accounts of legal entities and individuals.

Loans include: interbank loans (deposits), as well as promissory notes issued by a commercial bank. [four]

Research results show that no single decision was made to increase the amount of funds raised.

In particular, Professor A. Omonov said that "the share of bank shareholders in the resources of commercial banks is usually 10-15%, the remaining 85-90% of the resources are formed at the expense of borrowed funds of the bank" [5]. Consequently, an in-depth analysis of the composition of attracted resources of commercial banks, their inherent tendencies will further increase the resource efficiency of banks.

In his research, U. Artykov said: "The funds raised from the activities of each commercial bank are important, because the own funds of commercial banks are mainly associated with the organization and formation of the bank, and the funds raised provide the bank with a stable income. Therefore, regular analysis of the borrowed funds of each commercial bank will ensure the stability of the bank" [6]. In his views, I. Dzhuraev noted that the strength of the deposit base of banks is considered, firstly, as a factor of confidence in the banking system of the population and business, and secondly, it increases the ability of economic entities to long-term compliance. term of demand [7].

From Russian economists V.I. Kolesnikov, L. In the book of Krolivets "Banking" it is said that "the bank's resources include its own funds, borrowed and borrowed funds, which banks use to conduct active operations in order to generate income" [8].

Prominent economists David Polfreman and Philip Ford interpreted the resources of the banks as the liabilities of the bank. According to their interpretation, the obligations of commercial banks were considered basic, but at the same time the sources of formation of resources, the practice of attracting them and their effective management were ignored. [nine]

Dj. According to Zinka, resources are accumulated not only by commercial banks, but also by financial companies, savings banks, and various financial funds. [10]



In our opinion, the author approaches the attraction of financial resources from the point of view of legal entities which were not expressed.

METHODOLOGY

The study used a systematic approach, grouping, comparative statistical observation, synthesis and coefficient methods. The official statistics of the Central Bank of the Republic of Uzbekistan and the Statistical Committee for 2015-2020 were used to analyze the factors influencing the increase in the volume of funds attracted to commercial banks of Uzbekistan.

The role and features of the banking development strategy to increase the volume of attracted resources are also studied. In this article, we strive to develop practical recommendations that analyze the degree of influence of various factors on the activities of commercial banks to increase the volume of borrowed funds.

ANALYSIS AND RESULTS

In international banking practice, the main share falls on the structure of banking resources. The high share of borrowed funds in the structure of the bank's resources has a direct positive effect on strengthening the financial stability and solvency of banks.

Therefore, a practical analysis of the funds obtained from this source is of great importance.

The importance of increasing the stability of the country's banking system, strengthening their resource potential, attracting free funds of individuals and legal entities to banks, attracting foreign capital to the banking system, further accelerating the integration of commercial banks into international financial markets is growing.

One of the most pressing issues in the activities of commercial banks today is the formation, effective use and augmentation of banking resources. Banks' financial resources consist mainly of their own funds and borrowed funds, in which, undoubtedly, borrowed funds play the main role. Therefore, we are considering an analysis of the liabilities of the banking system of our country.



Structure and dynamics of liabilities of commercial banks of the Republic of Uzbekistan, in percent [11]

Indicators	01.12.2017	01.12.2018	01.12.2019	01.12.2020
Liabilities				
Deposits	40,5	38,1	35,1	36,2
Correspondent account of the Central Bank	0,5	0,06	0,6	0,3
Funds of other banks - residents	3,8	3,8	3,7	3,8
Funds of other banks – non-resident	0,07	0,2	0,3	1,0
Loans and leasing transactions	49,0	54,6	53,5	49,8
Issued securities	0,1	0,01	0,0	3,2
Subordinate debts	-	0,1	1,5	1,4
Accrued interest payable	0,7	1,1	1,2	1,3
Other obligations	5,2	2,1	4,1	3,0
Total liabilities	100	100	100	100

Analyzing the structure of liabilities of the country's commercial banks, liabilities show uneven dynamics over the years. The main share in the liabilities of the country's commercial banks is made up of loans and leasing operations, deposits. In developed countries, the high share of subordinated debt is about 1-1.5 percent, which shows that the potential of our banks to attract resources by issuing debt instruments is very low. Also, the decrease in deposit operations in the structure of banks' liabilities by 4.3% over the past four years testifies to the unsatisfactory activity of banks in attracting deposits. The share of loans and leasing operations in the liabilities of our banks remains high. The main reasons for this are:

- The government sends large sums of money to state banks to finance government programs;
- Attraction of large amounts of loans from foreign investors and international financial institutions.
- The share of deposits in the structure of funds attracted by commercial banks in Uzbekistan is much lower than the level of international banking practice. Usually, in international banking practice, this figure is at least 60-65%. If we pay attention to the second aspect of the issue, then the main share in the structure of deposits of commercial banks in the country is formed at the expense of deposits that are kept on demand.

Below we analyze the obligations of the National Bank for Foreign Economic Affairs, the largest commercial bank in the country.



Composition and dynamics of liabilities of the National Bank for Foreign Economic Affairs, in percent [12]

Indicators	01.12.2018	01.12.2019	01.12.2020
Liabilities			
Demand deposits	16,64	16,40	15,77
Time deposits	6,47	12,19	10,28
Representative accounts of the Central Bank	0,98	3,15	1,65
Accounts of other banks	1,29	1,69	3,44
Securities sold under repo transactions	-	-	0,47
Loan and leasing liabilities	72,52	61,20	59,19
Securities issued by the Bank	-	-	4,76
Subordinated debt	0,07	2,74	2,35
Accrued interest payable	0,79	1,22	1,66
Accrued taxes	0,02	-	0,06
Clearing operations	0,01	0,01	0,01
Other liabilities	1,22	1,39	0,34
Total liabilities	100	100	100

If we analyze the liabilities of the National Bank, then, undoubtedly, the main role is played by liabilities on loans and leasing operations. Its share will decrease from 72.5% in 2018 to 59.2% in 2020 compared to 2018. Although the share of deposits in liabilities increased from 23.11% in 2018 to 26.05% in 2020, this situation is not positive. Because deposits are the main source of bank reserves. In the developed countries of Europe, this figure is up to 95%. The share of funds raised through the issue of securities in the liabilities of domestic banks is very small. In the structure of liabilities of the NBU, one of the largest commercial banks in the country, there is a very low share of resources attracted by issuing securities in 2018-2019. In 2018, this figure was 0.07 percent, and in 2020 it increased to 7.58 percent. Over the past year, repo transactions have become more active, mainly due to the active participation of the central bank in deposit auctions and the placement of central bank bonds. For example, on May 17, 2021, the central bank held an auction on repo transactions in the amount of 100.0 billion soums with a maturity of 14 days and an interest rate of 14% in the trading system of the Currency Exchange of the Republic of Belarus. Uzbekistan. The National Bank, as the largest bank in the republic, is an active participant in the auctions. If in 2018 the subordinated debt obligations of the National Bank amounted to 0.07 percent, then by 2020 this figure was 2.35 percent, and it can

be stated that this is a positive situation. The main reason for this was the diversification of the bank's resources.

CONCLUSION AND RECOMMENDATIONS

One of the main criteria for managing the resources of commercial banks is the formation of a reasonable cost of borrowed funds. The cost of borrowed funds directly affects the interest rate of their active operations. Therefore, when managing the cost of borrowed funds, the main emphasis is on their formation from relatively inexpensive sources. An analysis of the composition of the resources involved in the country's banking system shows that the volume of loans and leasing received within the framework of attracted resources of banks remains high.

- Last year, banks received about \$ 600 million of credit lines under state guarantees, this year this figure will amount to \$ 570 million.
- At the same time, the share of savings and term deposits of the population in large banks averages only 5%.

The results of the analysis show that most of the resources of commercial banks in the country (about 60-70%) do not pay much attention to the formation of non-deposit sources. It is scientifically substantiated that the share of non-deposit funds in banks that form their resources at the expense of these sources also tends to decrease, which is positive on the one hand, and negative on the other. It turned out that the practice of individual commercial banks in attracting funds from non-depository resources differs. For example, in the National Bank of Uzbekistan, one of the largest commercial banks in the country, non-deposit funds are formed mainly at the expense of interbank loans, and in Sanoatqurilishbank, the main share is attracted by foreign credit lines. Many commercial banks do not use these instruments at all when forming financial resources.

In the structure of banks' borrowed funds, the share of inexpensive but unstable loans is high. Thus, banks do not suffer economically, despite the fact that they charge high interest rates on loans. In the structure of attracted term deposits, deposits of individuals accounted for a high share, mainly due to the fact that they were attracted in order to increase the amount of funds, and the interest rates paid to them were high. Also, due to the fact that the Central Bank did not introduce mandatory reserve requirements for funds attracted from the population, the ability of banks to fully attract these funds for active operations has a positive impact.



Based on the results of research, analysis and research conducted in order to increase the volume of funds raised to commercial banks, we made the following conclusions.

- In order to prevent free competition between commercial banks in the financial and money markets of the country and the monopoly of individual banks, the maximum share of one credit institution in these operations in the financial, deposit and credit markets of the country is set at 35%. .. It is advisable to include in the law "On";

- For the development of non-deposit funds in the resources of commercial banks, it is advisable to increase the importance of the central bank refinancing instrument and more fully meet the needs of banks in cheap financial resources. The application of the above conclusions and recommendations in banking practice will increase the share of resources attracted by commercial banks, and will make it possible to further increase the level of their stability, further strengthen public confidence in the banking system and ensure sustainable economic growth in the country.

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