

## ISSUES OF IMPROVING THE ACTIVITY OF COMMERCIAL BANKS IN THE FINANCIAL MARKET

Shermayev Akbar Akmirzayevich

Tashkent Financial Institute

Associate Professor of "Finance" Department

### Abstract:

The article shows the growing competition between banks and non-bank investment institutions that carry out transactions with securities. In this, banks have great advantages over non-bank investment institutions in terms of their rights, financial base, diversification of assets, personnel composition and material support, and recommendations aimed at further improvement of the activity are given.

**Keywords:** Investment institutions, securities, monetary policy, banking supervision, global economy, investment activities, financial strategy of enterprises, asset diversification, risk management, currency policy, diversifications, risk - risk and risks, exchange rate, financial resources, revaluation, commercial banks, currency restrictions.

Attracting financial resources by issuing financial instruments using the opportunities of the financial market is the main goal of issuers. Its other task is to increase the profitability and value (value) of the financial resources (investments) involved in the course of its activity based on the optimization and effective management of financial flows. In this case, the financial market plays an important role and plays an important role in the effective implementation of the issuer's tasks and emission policy, in gaining the necessary image (reputation) .

Issuers who are considered residents and non-residents of a certain country operate within the framework of the laws established in that country. As part of this activity, such an issuer implements the policy of attracting financial resources (investments). This policy depends on the situation of the issuer and type It can be aggressive and conservative, strategic and portfolio depending.

Issuers at the international level issue on the basis of international agreements. As part of this activity, such an issuer implements the policy of attracting

financial resources (investments). This policy may be aimed at the regional and national economy, depending on the position and type of the issuer.

The main requirements for the emission activities of commercial banks in the stock market are: transparency (information transparency), reliability, stability, competitiveness, financial security, and the level of liquidity, profitability, risk-freeness and equivalence of their financial instruments.

Commercial banks as issuers perform the role of institutions that issue financial instruments in the financial market and ensure their equivalence to the real basis. In other words, commercial banks performing emission activities perform the role of business capital, which reflects the quality indicators of their financial instruments. In turn, at the same time, financial instruments play the role of market capital, which reflects the business quality of the issuer issuing them. Emission activity is a source of financial instruments, an investment receptor of the financial market (receives financial resources and converts them into real capital working in production) and business capital that provides financial instruments with income (loss) (in the case of a commercial entity of the economy, state bodies except) is considered.

Responsibility for obligations in the issue of securities rests with the issuers. In accordance with the law, issuing banks are liable to investors for damages caused to them in the following cases:

- failure to provide information specified in the legislation on the protection of investors' rights in the stock market based on the demand of investors or providing incorrect information;
- Violation of the established order of securities issuance;
- for dishonest advertising of securities, advertising of unregistered issuance of securities, as well as advertising of securities whose circulation is prohibited by law;
- concluding agreements with investors that limit their rights provided for by the legislation on the protection of investors' rights in the securities market, and limit the issuers' liability;
- providing information about detected fraud and other violations in the securities market, as well as about securities, issuers of securities, prices of securities, including intentionally distorted information in advertising for encouraging investors to buy and sell securities by making;

- for non-fulfillment or improper fulfillment of the terms of contracts concluded with investors, as well as for entering into a transaction under conditions different from those stated in the contract concluded with the investor.

In conclusion, the main goal of the organization of underwriting and market-making activities of banks, insurance companies and joint-stock companies is to further expand the ranks of investors, to achieve that securities become a reliable source of additional income for the population, and the most the main thing is to introduce the mechanism of obtaining the funds necessary for the development of the enterprise, which is much more convenient than bank loans, that is, by issuing additional shares and bonds and placing them on the stock exchange.

In international practice, the main 65-75 percent of the income of commercial banks and insurance companies is obtained through the stock market. Taking this into account, if commercial banks and insurance companies attract their idle funds to the stock market, first of all, to develop our national economy, to provide funds that are currently needed by the real sector. will have the opportunity. Second, it creates a new source of income from securities through the stock exchange for commercial banks and insurance companies.

Currently, insurance companies deposit their idle funds mainly in commercial banks and are limited to earning an average of 6-8 percent per year. If insurance companies attract these funds to the stock market, they can increase their income by 25-35%.

However, it should be noted that along with such positive results, there are also some problems related to the lack of consistent development of the stock market in our country. First of all, banks are the main part of stock market participants. With this, it is impossible to achieve the level of sufficient supply of resources of the stock market. If we analyze the activity of stock markets from foreign practice, such markets have the opportunity to finance a number of sectors with their large financial resources. In order to achieve sufficient supply of financial resources to the stock market in our country, it requires a wider involvement of other companies, large production enterprises and industrial enterprises in this market, in addition to banks. It is also necessary to further develop the participation of foreign investors. In this case, one of the main problems is that the system of delivering all information to investors in a timely manner has not been improved. Because in this case, it is necessary to further improve the

system of delivering new information to investors who want to buy securities with their own funds.

The system of listing enterprises and commercial banks in the stock market is relatively complicated , and the system of evaluating the entry or delisting of enterprises through an automated system has not been fully created. For this purpose, the creation of a single information base with information on resident and non-resident enterprises operating in our country will expand not only the listing or delisting of legal entities, but also the possibility of free access to credit and other financial services.

Participants of the stock market face a number of difficulties in the trading process due to the lack of improvement of the trading system. In particular, the possibility of selling this security from one investor to another within one trade . One of the main problems in commercial banks is the lack of specialists who can predict the stock market and insure their risks in advance .

Based on the results of our work in order to develop and improve the activity of banks in the stock market in Uzbekistan, and determine its prospects, we would like to note the following:

- banks, participants of the securities market, have a large role in the economy , and they perform a number of tasks, i.e. attraction of temporarily free financial resources in sectors of the economy, effective distribution and redistribution of financial and investment resources to promising sectors of the economy, state debt servicing, redistribution of ownership of means of production, business development and creation of additional jobs, ensuring the return of financial funds invested by investors, providing investors with the opportunity to increase their invested funds ;

- it is necessary to bring the mechanism of the stock market up to the level of world standards , to improve the order of listing and quotation of securities, to develop the automated communication systems of the main structures of the stock market: exchanges, depositories and settlement clearing organizations.

all the necessary information to investors in a timely manner is not well developed in our country.

Because investors who want to buy securities with their own funds will not get the expected results if they are not fully aware of the new information in time;

- in order to increase the activity in the secondary market of securities, including the volume of transactions of banks on shares, to conduct the trading system and trades in the bilateral auction method, simultaneously transferring funds and securities from one client to another it is necessary to create an electronic program that allows the transfer;

- increasing the number of instruments sold in the stock market , i.e. introducing financial futures, options, depository receipts and mortgage bonds. This situation leads to the activation of professional activities of commercial banks in the stock market and an increase in stock market turnover;

- unification of software and technical provision of stock market participants, implementation of electronic document circulation in daily use;

- development of the information base of the stock market, increasing the level of information exchange on the website of the Stock Exchange and ensuring the wide use of these information bases by banks;

- increasing the knowledge of bank employees and their clients about the risk-based nature of the stock market, investing in securities;

creation of various forms of compensation for losses, mutual guarantees and insurance systems in the securities market in order to reduce the risks of banks when investing in securities . Ensuring the stability of the financial-banking system of the stock market is distinguished by its urgency in attracting investment resources to the economy of our country, further improving the system of creating a source of income for our commercial banks, and integrating it into the international stock market. Implementation of the above will increase the activity of the stock market and commercial banks and ensure the economic development of our country. Taking into account the fact that at the stage of modern development, commercial banks cannot fully perform their direct functions without participating in the securities market in one way or another, using their great potential, securities are becoming more and more important both as a direct participant in the market and as an important auxiliary institution of the general market infrastructure.

The expansion of the participation of commercial banks in the securities markets and the wide diversification of their activity forms became the basis for the establishment of large financial-banking groups. At the center of these groups are the commercial banks themselves, and around them relatively independent

structural departments - investment funds, consulting firms, trust companies, brokerage firms, etc. are gathered. By establishing various financial companies and participating in brokerage firms, commercial banks strengthen their participation in the stock market. As a result of the internationalization of stock markets, national commercial banks are expanding their operations with foreign stocks and bonds. These operations bring huge profits to commercial banks, including by playing (speculation) with differences in exchange rates.

The volume of such operations is especially large in large banks with international status and close relations with foreign financial and credit institutions. It is necessary to ensure that ordinary and preferred shares of commercial banks are traded on a large scale in the secondary securities market. For this, first of all, it is necessary to bring the level of dividends paid to ordinary shares and interest paid to preferred shares by commercial banks to an acceptable level that is in the interest of investors. It will not be possible to determine the market value of the bank's capital as long as it is not ensured that the shares of commercial banks are freely traded on the securities market.

Funds raised as a result of the sale of shares of commercial banks of Uzbekistan to foreign investors can be used to increase the volume of investment loans of banks.

The large-scale reforms carried out in Uzbekistan are aimed at building a democratic society based on a socially oriented market economy in the country, and one of their main products is the rapidly developing national financial market.

The relevance of the importance of the national financial market in the economy stems from the need to achieve an effective solution to the following problems: attracting investments, modernizing production, ensuring stable industrial and economic growth. An effective solution to these problems is inextricably linked with ensuring the financial market's competitiveness and safety, stability and liquidity, attractiveness and risk-free level for investors. It is important to take into account the influence of various external and fundamental internal factors. The formation of the financial market in the republic, the foundations of its development, its specific features are highlighted, the role of commercial banks, their attention to the securities market, and the role of commercial banks are



explained. obscuring objective and subjective factors were identified and studied. The role of commercial banks in the financial market was also assessed.

1. It is necessary to increase the first-tier capital of banks.
2. In our opinion, it is necessary to create the necessary conditions for large commercial banks in our country to take their securities to international stock exchanges.

In order to encourage local commercial banks to sell securities to foreign stock exchanges, such banks should be given tax incentives by the government.

3. When creating an investment portfolio, it is necessary to develop an investment strategy based on the analysis of investment profitability, investment time, and the resulting risks. The higher the level of risk in the stock market, the higher the requirements for the quality of portfolio management. The management process should be aimed at maintaining the main investment quality of the portfolio and the features favorable to its owner.

4. It is necessary to develop market operations by involving qualified specialists and experts in order for banks to deal with securities and engage in speculative operations.

5. It is necessary to take measures to simplify the procedure for issuing securities and shorten the period of formalization.

6. In order to increase the financial capabilities of issuers, it is appropriate to introduce a system of crediting emission costs. In this case, the issuers should be given interest-free or very low interest loans and incentives by the central bank.

In order to develop and improve the country's securities market and the activities of commercial banks in it, it would be appropriate to implement the following measures:

- to increase the stability of the resource base of commercial banks and the level of capitalization, introduction of modern market instruments of banks' long-term obligations, such as mortgage bonds, deposits, savings certificates and other securities;
- bank syndicates can directly participate in its management by forming underwriting companies, not only by issuing and placing securities, but also by purchasing a control package of the issuer's shares;
- issuance of high-yield savings certificates intended for the population by commercial banks in order to attract free funds;

- creation of a funder that protects the interests of investors who have invested in securities in order to compensate losses incurred by investment institutions; creation of an audit commission, which exists in many countries with developed stock markets, which conducts an objective audit of the activities of non-governmental organizations together with the state commission on securities and stock exchanges ;

- in order to increase the activity of the bank in the secondary market of securities, including the volume of transactions on shares, to conduct the trading system and trades in the bilateral auction method, simultaneously transferring funds and securities from one client to another create an electronic program that allows you to transfer;

- in the future, commercial banks will direct free funds of the Pension Fund under the control of the Ministry of Finance to the securities market; development of a unified system of providing information to stock market participants in order to develop the market infrastructure ;

We believe that the above proposals and recommendations will further develop the banking system of our republic and increase its financial capabilities in the future, and will play a major role in overcoming the financial crisis and reducing its impact.

### List of References

1. SHERNAEV AA TAX ANALYSIS IN MICROLEVEL TAX PLANNING // ELECTRONIC JOURNAL OF ACTUAL PROBLEMS OF MODERN SCIENCE, EDUCATION AND TRAINING. FEBRUARY, 2021 - IV. ISSN 2181-9750, pp. 75-82.
2. SHERNAEV AA ON THE ISSUE OF THE EFFICIENCY OF TAXATION OF JOINT STOCK COMPANIES // « ECONOMICS I BUSINESS : theory i practice ". Mejdunarodnyy ejemesyachnyy nauchnyy magazine - #9-2 (67). Moscow , izd . LLC " Capital ", 2020. - p . 149-152.
3. Shernaev AA GENERAL METHODOLOGICAL BASES OF TAX PLANNING IN ENTERPRISES // International Journal of Economics, Commerce and Management United Kingdom ISSN 2348 0386 Vol. VIII, Issue 4, April 2020 Licensed under Creative Common Page 357



4. Shernaev A.A. Nalogovoe planirovanie v sisteme obespecheniya finansovoy bezopasnosti v aktsionerney obshchestvax // " Internauka ": scientific journal - No. 12(141). Chast 2. Moscow, izd. " Internauka ", 2020. - p. 43-45
5. Shernaev , AA Principles and methods of organization of the internal tax control system in joint stock companies. International Journal of Economics , Business oath Management Studies -ISSN, 2347-4378.
6. Shernaev , A. A. (2020). Sovershenstvovanie nalogovogo planirovaniya and aktsionerney obshchestvax-kak mechanism povysheniya effektivnosti finansovogo menedzhmenta. Ekonomika i obshchestvo, (4), 20-28.
7. Jumaniyozov, I. T. (2021). The Progressive Foreign Experiments in the Activity of Sovereign Wealth Funds. Annals of the Romanian Society for Cell Biology, 109-116.
8. Jumaniyozov, I. (2018). Impact of Development Finance Institutions on Economic Growth: Implications for Reconstruction and Development Fund of Uzbekistan. International Journal of Management Science and Business Administration, 4(2), 84-88.
9. Jumaniyozov, I. (2020). ISSUES OF ENSURING THE TRANSPARENCY OF SOVEREIGN WEALTH FUNDS. International Finance and Accounting, 2020(5), 1.
10. Jumaniyozov, I. (2020). FOREIGN EXPERIENCE IN THE ACTIVITIES OF SOVEREIGN FUNDS. International Finance and Accounting, 2020(2), 1.
11. Jumaniyozov, I. T. (2021). Transparency Is A Key Indicator Of The Activity Of Sovereign Wealth Funds. The American Journal of Management and Economics Innovations, 3(05), 30-37.
12. Inomjon Turaevich Jumaniyozov, & Bexruz Hazratov (2022). Foreign experience in the development of special economic zones in Uzbekistan. Science and Education, 3 (5), 1628-1636.
13. Jumaniyozov, I. T. (2019). The impact of Uzbekistan Reconstruction and development fund's expenditure on GDP growth. Science, research, development № 16. Monografiya pokonferencyjna.

14. Jumaniyazov, I., & Xaydarov, A. (2023). The importance of social insurance in social protection. *Science and Education*, 4(1), 1033–1043. Retrieved from <https://openscience.uz/index.php/sciedu/article/view/4941>
15. Jumaniyazov, I. T. (2019). Evaluation criteria for the efficiency of sovereign funds. *Global science and innovations 2019: Central Asia*. In International scientific conference.–Nur-Sultan (Kazakhstan) (Vol. 340, pp. 226-229).
16. Jumaniyazov, I. T. The significance of Uzbekistan reconstruction and development fund's financial capital on economic growth of Uzbekistan. *International Journal of Economics, Commerce and Management United Kingdom* ISSN, 2348, 0386.
17. Jumaniyazov, I., & Mahmudov, M. (2022). Experience of foreign countries in attracting foreign investment. *Asian Journal of Research in Banking and Finance*, 12(5), 32-37.
18. Jumaniyozov, I. T., & Abdumannobov, A. M. (2020). MANAGING PUBLIC DEBT. In *Ключевые проблемы современной науки* (pp. 3-7).
19. Jumaniyozov, I. T., & Bakhodirhujayev A.F. (2020). ISSUES AND CHALLENGES FOR THE IMPLEMENTATION OF MACROPRUDENTIAL POLICY IN UZBEKISTAN. In *Ключевые проблемы современной науки* (pp. 8-11).